

Theewaterskloof Municipality



Final Budget

2013/2014 to 2015/2016

28 May 2013

English is original version

Copies of this document can be viewed:

- In the foyer of all municipal offices
- All public libraries within the municipality
- At www.twk.org.za

Table of Contents

List of Tables	ii
-----------------------------	-----------

PART 1 – ANNUAL BUDGET

1. Council Resolutions	1
2. Executive summary	2

PART 2 – SUPPORTING DOCUMENTATION

3. Annual budget tables	5
4. Operating Revenue and Expenditure Framework.....	22
5. Capital Expenditure	24
6. Overview of Annual Budget Process.....	25
7. Overview of Alignment of Annual Budget with IDP.....	28
8. Measurable performance objectives and Indicators	38
9. Overview of Budget Related Policies	45
10. Overview of Budget Assumptions	48
11. Overview of Budget and Funding	57
12. Expenditure on allocations and grant programmes.....	67
13. Employee remuneration and benefits	69
14. Annual Budgets and Service delivery and Budget Implementation plans- Internal Departments.....	71
15. Capital expenditure details	75
16. Legislation Compliance Status	81
17. Other supporting documents.....	82
18. Municipal manager's quality certificate	85

List of tables

<u>Description</u>	<u>Page</u>
1. Budget Summary (Table A1)	5
2. Budgeted Financial Performance (Revenue and Expenditure by standard classification) (Table A2)	7
3. Budgeted Financial Performance (Revenue and Expenditure by municipal vote)(Table A3)	9
4. Budgeted Financial Performance (Revenue and Expenditure) (Table A4)	10
5. Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)	12
6. Budgeted Financial Position (Table A6)	14
7. Budgeted Cash Flows (Table A7)	16
8. Cash Backed reserves/accumulated surplus reconciliation (Table A8)	17
9. Asset Management (Table A9)	18
10. Basic Service Delivery measurement (Table A10)	20
11. Budgeted monthly revenue and expenditure (Table SA25)	23
12. Reconciliation between the IDP strategic objectives and budgeted revenue (Table SA4)	36
13. Reconciliation between the IDP strategic objectives and budgeted operating expenditure (Table SA5)	37
14. Key financial indicators and ratios (table SA8)	39
15. Transfers and grants made by the municipality (Table SA21)	55
16. Monetary investments by type (Table SA15)	58
17. Detail of borrowings (Table SA17)	59
18. Funding compliance measurement (Table SA10)	63
19. Expenditure on allocations and grant programmes (Table SA19)	67
20. Summary councillor and staff benefits (Table SA22)	69
21. Salaries, allowances & benefits (political office bearers, councillors/senior managers)(Table SA23)	70
22. Summary of personnel numbers (Table SA24)	70
23. Contracts having future budgetary implications (Table SA33)	76
24. Capital expenditure on new assets by asset class (Table SA34a)	77
25. Capital expenditure on renewal of existing assets by asset class (Table SA34b)	78
26. Repairs and maintenance expenditure by asset class (Table SA34c)	79
27. Capital expenditure details (Table SA36)	80
28. Supporting detail to budgeted financial performance (Table SA1)	82
29. Supporting detail to Statement of Financial Position (Table SA3)	83

Abbreviations and Acronyms

IDP	Integrated Development Plan
MTREF	Medium Term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
kl	Kilolitre
kWh	Kilowatt
VAT	Value Added Tax
SMME	Small Micro and Medium Enterprises
CPI	Consumer Price index
MFMA	Municipal Finance Management Act 56 of 2003
GFS	Government Financial Statistics
MBRR	Municipal Budget and Reporting Regulations
GRAP	International General Recognized Accounting Practice
MSA	Municipal Systems Act
MIG	Municipal Infrastructure Grant
LED	Local Economic Development
SDBIP	Service Delivery Budget Implementation Plan
DoRA	Division of Revenue Act
PDO	Departmental Objectives
KPI	Key Performance Indicator
KPA	Key Performance Area

1. Council Resolutions

1. That Council resolves that the Annual Operating Budget of the municipality for the financial year 2013/2014 and indicative for the two projected Outer Years 2014/2015 and 2015/2016 be approved as set out on Tables A1, A2, A3 and A4.(pages 5 - 10).
2. That Council resolves that the Annual Capital Budget of the municipality for the financial year 2013/2014 and indicative for the two projected Outer Years 2014/2015 and 2015/2016 be approved as set out on Tables A1, A5 and SA36, .(pages 5, 12, and 80).
3. That Council resolves that the Monthly Cash Flow Forecasts with appropriate amendments be approved as the Cash Flow Budget of the Council for the 2013/2014 financial year as set out on Tables A1 and A7. (Pages 5 and 16).
4. That Council resolves to adopt the Integrated Development Plan.
5. That Council resolves to adopt the “Spatial Development Framework” as part of the Integrated Development Plan, as regulated by the Municipal Systems Act (Act 32 of 2000), and directed in terms of Section 22 of the Bill on the Land Use Planning Act.
6. That Council resolves that the Tariff Charges, and the tariff for assessment rates, are approved for the Financial Year 2013/2014. (Tariff Charges Annexure A, Tariff for assessment rates page 258 of Annexure A)
7. That the Monthly Indigent Subsidy in respect of 6kl Water, 70Kwh Electricity, Refuse, Sewer and Informal Settlement Plot Rental (where applicable) are approved and that the applicable free basic services subsidies be calculated on the approved tariffs for the applicable services and measurable units.
8. The first R100, 000 on all residential properties are exempt from property rates for persons older than 60 years of age and earning less than R6001 per month.
9. That it be noted that “Unfunded Functions” and “Underfunded Functions” are fully budgeted for at present service levels and in respect of Housing.
10. That note is taken that Internal Division of Costs (Departmental Charges) are calculated based on expected budgeted time spent, measurable units/quantities, cost, and that tariffs are determined accordingly.
11. That Council resolves the following Amendments to the Policies as per Annexure B
 1. Asset Management Policy –
 - **Repealed the following policies:**
 - **Property Management Policy, C/62 of 25 October 2007**
 - **Asset Management Policy, SC 36/2008 of 28 May 2008**
 - And replaced with attached Asset Management Policy.
 2. Short Term Insurance Policy
 3. Supply Chain Management Policy
 4. Rates Policy
 5. Credit Control Policy
 6. Tariff Policy
 7. Virement Policy

2. Executive summary

LEGAL REQUIREMENTS

The medium term revenue and expenditure framework for 2013/2014, 2014/2015 and 2015/2016 was compiled in accordance with the requirements the relevant legislation, of which the following are the most important:

- i) the Constitution, Act 108 of 199
- ii) the Municipal Structures Act, Act 117 of 1998
- iii) the Municipal Systems Act, Act 32 of 2000
- iv) the Municipal Finance Management Act, Act 56 of 2003

Growth to the Theewaterskloof Municipality's Medium Term Revenue and Expenditure Framework (MTREF) is based on a combination of factors such as (relatively low) generic growth to core tariff-based services, operational efficiencies, and revenue-related policies aimed at optimising and sustaining all income sources.

The MTREF-based Revenue and Expenditure Projections assumed inflation-linked annual adjustments. The main challenges experienced during the compilation of the 2013/14 MTREF can be summarised as follows:

- National and local economic difficulties
- Fuel increased
- Above-inflation increases in Bulk Purchase Tariffs: Overberg Water board: 37% and ESKOM at 7%
- Old infrastructure which needs to be consistently maintained or replaced
- The prioritisation of projects and expenditure within the existing resources
- Staff remuneration: A preliminary of 10% has been included in the 2013/14 MTREF. (5, 75% CPI+1, 25% increase +0, 5% increase from January 2013 + 2.5% for the Notches as contained within the 3 year agreement).

The following are further key parameters applied to the Theewaterskloof Municipality financial framework included the following for the 2013/14 financial year:

Tariff increases:

- | | |
|------------------------|----------------------------------------|
| • Assessment Rates | Depending on individual valuation |
| • Electricity | 7% (Subject to NERSA's final approval) |
| • Water | 6% |
| • Sanitation (Sewer) | 11.40% |
| • Solid Waste (Refuse) | 6% |

The following table provides a consolidated overview of the proposed 2013/2014 MTREF taking into consideration tariff adjustments and increases to input costs:

R thousand	Budget 2012/2013 R'000	Budget Year 2013/2014 R'000	Budget Year +1 2014/2015 R'000	Budget Year +2 2015/2016 R'000
Total Operating Revenue	-371,804	-384,840	-354,877	-374,592
Total Operating Expenditure	298,297	328,592	333,349	357,272
(Suplus)/Deficit for the year	-73,507	-56,248	-21,528	-17,320
Total Capital Expenditure	97,519	73,594	29,699	25,992

Total operating revenue is projected to grow by 3.5 per cent or R13, 036 million for the 2013/14 financial year when compared to the 2012/13 Budget. For the two outer years, operational revenue will decrease by 7.8% and increase 5.6% respectively, equating to a total revenue growth of R2, 788 million over the MTREF when compared to the 2012/13 financial year.

The major items of operating revenue are as follows:

Description	2012/13	2013/14	% of Total Revenue	Growth 2012/13 - 2013/14	2014/15	2015/16
Property Rates	49,900,000	60,047,001	16%	20%	64,850,761	70,038,822
Service Charges	134,632,710	145,559,034	38%	8%	157,922,726	168,854,044
Operational grants	81,779,470	86,840,000	23%	6%	71,807,000	78,408,000
Capital grants	72,802,921	62,851,000	16%	-14%	30,074,000	26,367,000
Other own Revenue	32,688,714	29,543,272	8%	-10%	30,222,709	30,924,375
	371,803,815	384,840,307	100%	4%	354,877,196	374,592,241

Revenue from service charges represents the biggest part (38%) of the municipality's revenue followed by operational grants (23%), capital grants (16%) and property rates (16%). There has been a reduction in capital grants and other own revenue when compared to the 2012/13 financial year.

Total operating expenditure for the 2013/14 financial year amounts to R328, 592 million, which represents an increase of R30, 295 million (10.2%) over 2012/13, 1.4% and 7.2% for each of the respective outer years of the MTREF. A portion of the cash back surplus of R56, 248 million for 2013/2014 will be used to fund inventory items and quick wins on the capital budget. In addition, an amount of R2 million will be transferred to the Capital Replacement fund. The purpose of the capital replacement reserve fund is to build sufficient own revenue in order to finance future capital projects in areas where no grant funding is available.

Repairs and maintenance is very low but a distinction has been made to separate repairs from maintenance as there is a fundamental difference between repairs and maintenance. Maintenance is aimed at preventing assets from becoming obsolete and to conserve an asset or resource for as long as possible in its original condition before the expiry of its economic life and should be carried out in accordance with a master plan for infrastructure maintenance. Repairs are work carried out to restore an asset or resource to a sound condition after it has been damaged.

The major operating expenditure items are summarised below:

Description	2012/13	2013/14	% of Total Expendit.	Growth 2012/13 - 2013/14	2014/15	2015/16
Employee related costs	113,349,912	126,083,432	38%	11%	137,760,829	149,878,656
Councillor Remuneration	7,871,986	8,501,744	3%	8%	9,096,868	9,733,649
Depreciation	14,895,297	19,940,571	6%	34%	21,533,832	23,254,417
Finance Charges	12,694,451	13,730,846	4%	8%	12,621,002	11,909,781
Bulk Purchases	45,932,300	49,824,000	15%	8%	56,841,796	61,220,388
Repairs and Maintenance	17,572,558	21,405,218	7%	22%	22,612,910	23,994,715
Other expenditure	85,980,771	89,106,392	27%	4%	72,881,668	77,280,428
	298,297,275	328,592,203	100%	10%	333,348,905	357,272,034

Employee related costs and bulk purchases represent the major expenditure items at 38% and 15% respectively.

The budgeted surplus of R56, 248 million includes capital grants and other GRAP items. When all of the GRAP items and capital contributions are removed, the budget does not show a surplus or a deficit. The actual surplus/deficit is therefore calculated as follows:

Surplus as per budgeted Statement of Financial Performance	56,248,104
Less: Contributions to Capital Expenditure	-8,338,116
Redemption of external loans	-8,832,559
Transfer to Capital Replacement Reserve	-2,000,000
Capital Grants	-62,851,000
Add: Depreciation	19,840,571
GRAP Provisions	5,933,000
Surplus / Deficit	0

The capital expenditure amount to R73, 594 million and is 24.5% less than the 2012/2013 adjustment budget. The outer years decrease to R29, 699 million in 2014/2015 and R25, 992 million in 2015/2016.

Successful alignment of Theewaterskloof Municipality's service delivery priorities, as embodied in the updated IDP and its focus areas, objectives and perspectives, to that of National and Provincial Governments is seen as critical if the Municipality wants to achieve its developmental goals. Main strategic focus areas:

- Financial Sustainability
- Good Governance and Clean Audit
- Institutional Capacity Development
- Basic Service Delivery and Infrastructure
- Local Economic Development and Social Upliftment
- Sustainable Housing Programme
- Environmental Sustainability

3. Annual budget tables

The following ten tables set out the municipality's 2013/2014 budget and MTREF to be approved by resolution of Council:

Budget Summary (Table A1)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousands									
Financial Performance									
Property rates	38,729	41,130	43,226	47,766	49,900	49,900	60,047	64,851	70,039
Service charges	96,760	109,929	120,757	140,759	134,633	134,633	145,559	157,923	168,854
Investment revenue	2,758	1,665	1,738	1,800	2,130	2,130	2,200	2,200	2,200
Transfers recognised - operational	38,864	48,591	54,794	79,029	81,779	81,779	86,840	71,807	78,408
Other own revenue	43,996	29,301	27,180	27,316	30,559	30,559	27,343	28,023	28,724
Total Revenue (excluding capital transfers and contributions)	221,107	230,616	247,695	296,670	299,001	299,001	321,989	324,803	348,225
Employee costs	82,438	94,714	109,179	114,174	113,350	113,350	126,083	137,761	149,879
Remuneration of councillors	5,655	6,022	7,168	7,872	7,872	7,872	8,502	9,097	9,734
Depreciation & asset impairment	20,543	8,771	49,755	14,896	14,895	14,895	19,941	21,534	23,254
Finance charges	10,092	12,696	13,857	12,910	12,694	12,694	13,731	12,621	11,910
Materials and bulk purchases	25,913	34,790	41,475	47,609	45,932	45,932	49,824	56,842	61,220
Transfers and grants	—	—	638	—	—	—	850	900	960
Other expenditure	120,057	99,527	101,739	100,412	103,553	103,553	109,662	94,595	100,315
Total Expenditure	264,697	256,521	323,811	297,874	298,297	298,297	328,592	333,349	357,272
Surplus/(Deficit)	(43,590)	(25,905)	(76,116)	(1,204)	704	704	(6,603)	(8,546)	(9,047)
Transfers recognised - capital	52,708	53,435	55,406	60,856	72,803	72,803	62,851	30,074	26,367
Contributions recognised - capital & contributed	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Capital expenditure & funds sources									
Capital expenditure	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
Transfers recognised - capital	22,180	28,339	42,409	60,856	72,803	72,803	58,427	26,678	22,800
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	18,246	8,055	14,442	11,275	11,275	11,275	7,075	—	—
Internally generated funds	3,716	8,230	8,047	3,947	13,440	13,440	8,093	3,021	3,192
Total sources of capital funds	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
Financial position									
Total current assets	35,795	52,681	43,831	60,453	41,353	41,353	41,649	52,283	64,282
Total non current assets	315,154	641,054	661,117	800,047	819,017	819,017	883,586	893,134	897,546
Total current liabilities	48,645	44,493	58,644	60,495	54,495	54,495	57,143	60,480	64,072
Total non current liabilities	99,484	151,256	168,910	172,188	172,188	172,188	178,652	173,967	169,464
Community wealth/Equity	202,820	497,985	477,394	627,818	633,687	633,687	689,440	710,970	728,291
Cash flows									
Net cash from (used) operating	25,789	26,353	46,384	70,697	75,630	75,630	77,039	43,962	41,535
Net cash from (used) investing	(44,525)	(33,453)	(61,554)	(72,328)	(93,019)	(93,019)	(73,594)	(29,699)	(25,992)
Net cash from (used) financing	(4,973)	22,792	13,960	2,572	4,572	4,572	(674)	(7,724)	(7,697)
Cash/cash equivalents at the year end	7,362	23,054	21,844	19,267	9,028	9,028	11,798	18,336	26,182
Cash backing/surplus reconciliation									
Cash and investments available	7,362	22,624	21,414	19,267	9,028	9,028	11,798	18,336	26,182
Application of cash and investments	(12,718)	(1,048)	13,849	5,267	408	408	4,016	1,566	(755)
Balance - surplus (shortfall)	20,079	23,672	7,565	14,000	8,620	8,620	7,782	16,771	26,937
Asset management									
Asset register summary (WDV)	315,110	641,012	661,079	800,007	818,977	818,977	883,548	893,097	897,508
Depreciation & asset impairment	20,543	8,771	49,755	14,896	14,895	14,895	19,941	21,534	23,254
Renewal of Existing Assets	—	27,348	24,784	41,629	52,605	52,605	21,921	8,766	9,085
Repairs and Maintenance	17,688	14,054	15,553	16,646	17,573	17,573	21,405	22,613	23,995
Free services									
Cost of Free Basic Services provided	11,118	15,561	9,625	16,491	16,491	16,491	16,491	17,613	18,817
Revenue cost of free services provided	23,116	32,418	14,426	20,493	20,493	20,493	22,914	24,289	25,743
Households below minimum service level									
Water:	—	0	0	—	—	—	—	—	—
Sanitation/sewerage:	—	0	7	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—
Refuse:	9	9	9	9	9	9	—	—	—

Explanatory notes Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget and indicates that the repayment of loans exceed the envisaged new borrowing;
 - iii. Internally generated funds are financed from a combination of the current operating surplus and input VAT reclaimed on conditional grants. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The section on Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Budgeted Financial Performance (Revenue and Expenditure by standard classification)
(Table A2)

Standard Classification Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	155,651	153,796	155,543	180,074	199,415	199,415	197,420	152,705	158,617
Executive and council	7,102	2,581	2,218	4,164	4,288	4,288	3,528	3,769	4,027
Budget and treasury office	130,330	135,995	141,789	171,108	189,435	189,435	189,277	145,129	150,598
Corporate services	18,219	15,220	11,535	4,801	5,691	5,691	4,616	3,807	3,992
<i>Community and public safety</i>	4,595	4,903	7,400	12,059	11,627	11,627	14,670	15,336	16,290
Community and social services	843	1,049	4,574	5,965	6,015	6,015	6,841	7,043	7,507
Sport and recreation	104	87	(212)	43	(124)	(124)	(278)	(301)	(326)
Public safety	3,646	3,767	3,039	5,734	5,418	5,418	8,107	8,593	9,109
Housing	2	-	-	318	318	318	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	8,044	6,405	5,498	7,138	7,780	7,780	7,812	8,282	8,865
Planning and development	3,397	1,711	1,620	1,731	3,091	3,091	2,922	3,080	3,247
Road transport	4,647	4,695	3,878	5,407	4,689	4,689	4,890	5,201	5,617
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	105,525	118,946	134,659	158,255	152,982	152,982	164,938	178,555	190,821
Electricity	38,464	47,285	58,989	67,020	65,500	65,500	70,857	78,840	85,135
Water	34,264	36,437	37,466	46,255	44,112	44,112	47,695	50,546	53,568
Waste water management	16,062	16,701	17,927	21,485	20,125	20,125	21,927	23,242	24,636
Waste management	16,736	18,523	20,277	23,495	23,245	23,245	24,459	25,927	27,482
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	273,815	284,050	303,101	357,526	371,804	371,804	384,840	354,877	374,592
Expenditure - Standard									
<i>Governance and administration</i>	101,928	104,179	146,765	112,840	114,324	114,324	123,221	110,602	118,741
Executive and council	8,912	21,547	23,071	23,893	24,076	24,076	24,826	28,148	30,029
Budget and treasury office	47,488	45,864	37,566	39,604	39,155	39,155	45,388	26,333	28,277
Corporate services	45,528	36,769	86,128	49,343	51,094	51,094	53,008	56,120	60,435
<i>Community and public safety</i>	26,725	23,512	24,552	25,362	28,853	28,853	31,418	33,981	36,713
Community and social services	4,815	4,108	3,929	4,600	4,601	4,601	4,631	5,030	5,459
Sport and recreation	8,399	6,661	6,529	7,181	6,918	6,918	7,874	8,495	9,167
Public safety	9,394	9,550	10,807	8,268	12,004	12,004	14,660	15,818	17,047
Housing	4,118	3,192	3,287	5,314	5,330	5,330	4,253	4,638	5,040
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	30,583	28,111	28,616	36,375	34,564	34,564	36,642	39,188	42,064
Planning and development	6,746	7,028	6,715	7,388	8,799	8,799	8,032	8,680	9,352
Road transport	23,765	21,055	21,881	28,951	25,729	25,729	28,560	30,456	32,657
Environmental protection	71	28	20	35	35	35	50	53	55
<i>Trading services</i>	105,460	100,719	123,878	123,297	120,556	120,556	137,310	149,578	159,754
Electricity	35,985	39,398	45,469	54,987	53,043	53,043	59,620	67,195	72,318
Water	27,624	25,519	34,818	32,155	30,468	30,468	34,675	36,378	38,177
Waste water management	20,890	15,864	20,052	16,983	17,596	17,596	22,892	24,396	26,037
Waste management	20,963	19,938	23,538	19,172	19,449	19,449	20,124	21,608	23,222
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	264,697	256,521	323,811	297,874	298,297	298,297	328,592	333,349	357,272
Surplus/(Deficit) for the year	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile standardised reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury office.

Budgeted Financial Performance (Revenue and Expenditure by municipal vote)(Table A3)

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue by Vote									
Vote 1 - Executive & Council	21,257	3,913	5,096	6,271	7,325	7,325	5,424	4,709	4,999
Vote 2 - Finance & Admin	81,907	96,448	95,042	97,867	104,207	104,207	109,477	117,922	127,250
Vote 3 - Planning & Development	3,397	1,711	1,620	1,731	3,091	3,091	2,922	3,080	3,247
Vote 4 - Community & Social Services	843	1,049	4,574	5,965	6,015	6,015	6,841	7,043	7,507
Vote 5 - Housing	2	-	-	318	318	318	-	-	-
Vote 6 - Public Safety	3,646	3,767	3,039	5,734	5,418	5,418	8,107	8,593	9,109
Vote 7 - Sport & Recreation	104	87	(212)	43	(124)	(124)	(278)	(301)	(326)
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	16,736	18,523	20,277	23,495	23,245	23,245	24,459	25,927	27,482
Vote 10 - Waste Water Management	16,062	16,701	17,927	21,485	20,125	20,125	21,927	23,242	24,636
Vote 11 - Roads Transport	4,647	4,695	3,878	5,407	4,689	4,689	4,890	5,201	5,617
Vote 12 - Water	34,264	36,437	37,466	46,255	44,112	44,112	47,695	50,546	53,568
Vote 13 - Electricity	38,464	47,285	58,989	67,020	65,500	65,500	70,857	78,840	85,135
Vote 14 - Other	52,486	53,435	55,406	75,936	87,883	87,883	82,519	30,074	26,367
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	273,815	284,050	303,101	357,526	371,804	371,804	384,840	354,877	374,592
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	37,837	42,552	49,663	50,475	52,228	52,228	54,869	59,386	63,542
Vote 2 - Finance & Admin	33,545	35,098	84,510	42,795	42,512	42,512	43,407	45,473	48,968
Vote 3 - Planning & Development	9,891	9,713	9,598	10,339	11,756	11,756	11,702	12,692	13,720
Vote 4 - Community & Social Services	4,815	4,108	3,929	4,600	4,601	4,601	4,631	5,030	5,459
Vote 5 - Housing	4,118	3,192	3,287	5,314	5,330	5,330	4,253	4,638	5,040
Vote 6 - Public Safety	9,394	9,550	10,807	8,268	12,004	12,004	14,660	15,818	17,047
Vote 7 - Sport & Recreation	8,399	6,661	6,529	7,181	6,918	6,918	7,874	8,495	9,167
Vote 8 - Environmental Protection	71	28	20	35	35	35	50	53	55
Vote 9 - Waste Management	20,963	19,938	23,538	19,172	19,449	19,449	20,124	21,608	23,222
Vote 10 - Waste Water Management	20,890	15,864	20,052	16,983	17,596	17,596	22,892	24,396	26,037
Vote 11 - Roads Transport	23,765	21,055	21,881	28,951	25,729	25,729	28,560	30,456	32,657
Vote 12 - Water	27,624	25,519	34,818	32,155	30,468	30,468	34,675	36,378	38,177
Vote 13 - Electricity	35,985	39,398	45,469	54,987	53,043	53,043	59,620	67,195	72,318
Vote 14 - Other	27,403	23,844	9,709	16,619	16,628	16,628	21,274	1,730	1,862
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	264,697	256,521	323,811	297,874	298,297	298,297	328,592	333,349	357,272
Surplus/(Deficit) for the year	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 illustrates the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the GFS classification and not necessarily the organisational structure of the Municipality. The municipality intends to align these votes with the municipal organisational structure to promote better control over expenditure and accountability for any unauthorised expenditure.

2.

Function	Income R'000	Expenditure R'000	Surplus/(deficit) R'000
Water	47,695	(34,675)	13,020
Electricity	70,857	(59,620)	11,237
Waste Water Management	21,927	(22,892)	(965)
Refuse Removal	24,459	(20,124)	4,335

Budgeted Financial Performance (Revenue and Expenditure) (Table A4)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Revenue By Source									
Property rates	38,729	41,130	43,226	47,766	49,900	49,900	60,047	64,851	70,039
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	37,931	46,752	54,639	63,393	61,446	61,446	65,547	73,122	78,972
Service charges - water revenue	31,259	34,163	35,255	43,139	40,995	40,995	44,390	47,044	49,856
Service charges - sanitation revenue	12,879	13,419	14,623	16,553	15,193	15,193	17,576	18,629	19,752
Service charges - refuse revenue	13,146	14,165	16,074	17,248	16,998	16,998	17,945	19,021	20,163
Service charges - other	1,546	1,429	166	426	1	1	101	106	111
Rental of facilities and equipment	2,004	1,300	1,105	1,472	1,396	1,396	1,420	1,505	1,596
Interest earned - external investments	2,758	1,665	1,738	1,800	2,130	2,130	2,200	2,200	2,200
Interest earned - outstanding debtors	6,352	7,389	7,834	7,000	7,900	7,900	4,000	4,000	4,000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	3,592	3,627	2,942	5,376	5,324	5,324	8,019	8,500	9,010
Licences and permits	62	2,612	2,926	3,033	2,375	2,375	2,508	2,707	2,923
Agency services	1,974	1,778	1,836	2,015	2,000	2,000	2,100	2,268	2,449
Transfers recognised - operational	38,864	48,591	54,794	79,029	81,779	81,779	86,840	71,807	78,408
Other revenue	30,013	13,383	10,537	4,670	7,064	7,064	9,296	9,042	8,747
Gains on disposal of PPE	-	(789)	-	3,750	4,500	4,500	-	-	-
Total Revenue (excluding capital transfers and contributions)	221,107	230,616	247,695	296,670	299,001	299,001	321,989	324,803	348,225
Expenditure By Type									
Employee related costs	82,438	94,714	109,179	114,174	113,350	113,350	126,083	137,761	149,879
Remuneration of councillors	5,655	6,022	7,168	7,872	7,872	7,872	8,502	9,097	9,734
Debt impairment	18,277	18,638	32,422	13,211	13,341	13,341	13,029	13,047	13,921
Depreciation & asset impairment	20,543	8,771	49,755	14,896	14,895	14,895	19,941	21,534	23,254
Finance charges	10,092	12,696	13,857	12,910	12,694	12,694	13,731	12,621	11,910
Bulk purchases	25,913	34,790	41,475	47,609	45,932	45,932	49,824	56,842	61,220
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	8,653	10,377	11,308	17,502	16,515	16,515	18,300	19,369	20,490
Transfers and grants	-	-	638	-	-	-	850	900	960
Other expenditure	93,126	70,513	57,762	69,699	73,697	73,697	78,332	62,178	65,904
Loss on disposal of PPE	-	-	247	-	-	-	-	-	-
Total Expenditure	264,697	256,521	323,811	297,874	298,297	298,297	328,592	333,349	357,272
Surplus/(Deficit)	(43,590)	(25,905)	(76,116)	(1,204)	704	704	(6,603)	(8,546)	(9,047)
Transfers recognised - capital	52,708	53,435	55,406	60,856	72,803	72,803	62,851	30,074	26,367
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure) excluding capital transfers and contributions.

1. Total operating revenue is R299, 001 in 2012/13 and increases to R321, 989 million by 2013/14. This represents a year-on-year increase of 7.7 per cent for the 2013/14, 0.9 per cent for the 2014/15 financial year and 7.2 per cent for the 2015/16 financial year.
2. Revenue to be generated from property rates is R60, 047 million in the 2013/14 financial year and increases to R70, 039 million by 2015/16 which represents 18.7% per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R145, 559 million for the 2013/14 financial year and increasing to R168, 854 million by 2015/16. For the 2013/14 financial year services charges amount to 45.2 per cent of the total revenue base.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2009/10 to 2013/14 period escalating from R25, 913 million to R49, 824 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Overberg Water.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality.

Budgeted Capital Expenditure by vote, standard classification and funding (Table A5)

Vote Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive & Council	3,354	581	3,538	1,135	2,395	2,395	-	-	-
Vote 2 - Finance & Admin	1,702	2,061	2,688	1,732	2,158	2,158	-	-	-
Vote 3 - Planning & Development	277	-	-	2,500	8,550	8,550	-	-	-
Vote 4 - Community & Social Services	-	-	274	-	-	-	-	-	-
Vote 5 - Housing	-	9,602	22,182	23,682	25,167	25,167	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	272	683	-	-	812	812	3,270	3,746	3,955
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	808	-	265	265	-	-	-
Vote 10 - Waste Water Management	4,144	4,941	15,491	23,122	24,629	24,629	9,282	15,753	10,981
Vote 11 - Roads Transport	9,505	9,179	4,046	5,088	9,066	9,066	-	5,021	5,130
Vote 12 - Water	21,043	14,135	10,731	10,309	12,959	12,959	7,746	5,179	5,926
Vote 13 - Electricity	3,845	3,441	5,141	8,510	11,517	11,517	-	-	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	44,142	44,623	64,898	76,078	97,519	97,519	20,298	29,699	25,992
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	-	-	-	-	-	-	2,754	-	-
Vote 2 - Finance & Admin	-	-	-	-	-	-	928	-	-
Vote 3 - Planning & Development	-	-	-	-	-	-	183	-	-
Vote 4 - Community & Social Services	-	-	-	-	-	-	1,100	-	-
Vote 5 - Housing	-	-	-	-	-	-	29,502	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	-	-	-	-	-	-	-	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management	-	-	-	-	-	-	14,252	-	-
Vote 11 - Roads Transport	-	-	-	-	-	-	4,399	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity	-	-	-	-	-	-	179	-	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	53,296	-	-
Total Capital Expenditure - Vote	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
Capital Expenditure - Standard									
Governance and administration	5,056	2,641	6,226	2,867	4,554	4,554	3,864	-	-
Executive and council	-	-	772	785	956	956	2,153	-	-
Budget and treasury office	1,702	2,061	2,688	1,732	2,158	2,158	37	-	-
Corporate services	3,354	581	2,766	350	1,440	1,440	1,675	-	-
Community and public safety	272	10,286	22,455	23,682	25,979	25,979	33,872	3,746	3,955
Community and social services	-	-	274	-	-	-	1,100	-	-
Sport and recreation	272	683	-	-	812	812	3,270	3,746	3,955
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	9,602	22,182	23,682	25,167	25,167	29,502	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	9,781	9,179	4,046	7,588	17,616	17,616	4,399	5,021	5,130
Planning and development	277	-	-	2,500	8,550	8,550	-	-	-
Road transport	9,505	9,179	4,046	5,088	9,066	9,066	4,399	5,021	5,130
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	29,033	22,517	32,171	41,941	49,370	49,370	31,460	20,933	16,907
Electricity	3,845	3,441	5,141	8,510	11,517	11,517	179	-	-
Water	21,043	14,135	10,731	10,309	12,959	12,959	7,746	5,179	5,926
Waste water management	4,144	4,941	15,491	23,122	24,629	24,629	23,535	15,753	10,981
Waste management	-	-	808	-	265	265	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
Funded by:									
National Government	21,716	18,053	17,582	34,674	43,574	43,574	28,925	26,678	22,800
Provincial Government	272	9,602	24,827	26,182	29,167	29,167	29,502	-	-
District Municipality	192	-	-	-	62	62	-	-	-
Other transfers and grants	-	683	-	-	-	-	-	-	-
Transfers recognised - capital	22,180	28,339	42,409	60,856	72,803	72,803	58,427	26,678	22,800
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	18,246	8,055	14,442	11,275	11,275	11,275	7,075	-	-
Internally generated funds	3,716	8,230	8,047	3,947	13,440	13,440	8,093	3,021	3,192
Total Capital Funding	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. For the multi-year and single-year appropriations capital budget, for 2013/14 an amount of R73, 594 million has been allocated. This allocation decrease to R29, 699 million in 2014/15 and then increase to R25, 992 million in 2015/16.
3. The capital programme is funded from National and Provincial grants, which includes Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant and Housing, borrowing and internally generated funds from current year surpluses. For 2013/14, capital transfers (excluding VAT) totals R58, 427 million (79.4 per cent) and decrease to R26, 678 million by 2014/15. Borrowing has been provided at R7, 075 million for the 2013/14 financial year. Internally generated funding totaling R8, 093 million for 2013/2014 and R3, 021 million for 2014/2015. These funding sources are further discussed in detail in section 12 (Overview of Budget Funding).

Budgeted Financial Position (Table A6)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Current assets									
Cash	2,375	7,229	6,372	4,267	(972)	(972)	1,798	4,336	8,182
Call investment deposits	4,987	15,394	15,042	15,000	10,000	10,000	10,000	14,000	18,000
Consumer debtors	23,257	25,936	17,429	32,845	20,981	20,981	24,347	27,793	31,287
Other debtors	5,073	2,233	2,726	6,840	8,840	8,840	3,000	3,500	4,000
Current portion of long-term receivables	6	4	5	2	4	4	4	4	3
Inventory	97	1,884	2,257	1,500	2,500	2,500	2,500	2,650	2,809
Total current assets	35,795	52,681	43,831	60,453	41,353	41,353	41,649	52,283	64,282
Non current assets									
Long-term receivables	44	41	38	40	40	40	38	38	38
Investments	-	-	-	-	-	-	-	-	-
Investment property	29,098	235,358	204,491	239,094	257,746	257,746	269,134	270,452	272,059
Investment in Associate	-	-	-	-	-	-	-	-	-
Property, plant and equipment	284,533	403,596	454,462	558,731	558,731	558,731	612,224	620,389	623,127
Agricultural	-	-	-	-	-	-	-	-	-
Biological	-	-	-	-	-	-	-	-	-
Intangible	1,478	2,059	2,126	2,182	2,500	2,500	2,190	2,256	2,323
Other non-current assets	-	-	-	-	-	-	-	-	-
Total non current assets	315,154	641,054	661,117	800,047	819,017	819,017	883,586	893,134	897,546
TOTAL ASSETS	350,949	693,734	704,948	860,500	860,370	860,370	925,235	945,418	961,828
LIABILITIES									
Current liabilities									
Bank overdraft	-	-	-	-	-	-	-	-	-
Borrowing	4,711	5,271	6,518	8,954	6,954	6,954	8,000	8,000	8,000
Consumer deposits	2,942	3,149	3,245	3,381	3,381	3,381	3,550	3,728	3,914
Trade and other payables	31,355	24,650	32,875	36,160	28,160	28,160	27,993	29,393	30,862
Provisions	9,637	11,422	16,005	12,000	16,000	16,000	17,600	19,360	21,296
Total current liabilities	48,645	44,493	58,644	60,495	54,495	54,495	57,143	60,480	64,072
Non current liabilities									
Borrowing	78,105	100,129	112,747	118,135	118,135	118,135	117,256	109,251	101,246
Provisions	21,379	51,128	56,163	54,053	54,053	54,053	61,396	64,716	68,218
Total non current liabilities	99,484	151,256	168,910	172,188	172,188	172,188	178,652	173,967	169,464
TOTAL LIABILITIES	148,129	195,749	227,554	232,683	226,683	226,683	235,795	234,448	233,537
NET ASSETS	202,820	497,985	477,394	627,818	633,687	633,687	689,440	710,970	728,291
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	202,789	486,787	465,916	607,778	621,632	621,632	675,881	697,409	714,729
Reserves	31	11,198	11,478	20,040	12,055	12,055	13,559	13,561	13,562
Minorities' interests	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	202,820	497,985	477,394	627,818	633,687	633,687	689,440	710,970	728,291

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with the standards of Generally Recognized Accounting Practice (GRAP), as with the financial Statements, and improves understandability of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily convertible into cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 83) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Budgeted Cash Flows (Table A7)

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	223,553	160,770	171,110	193,864	191,718	191,718	215,920	233,749	249,696
Government - operating	-	47,961	56,428	79,029	79,055	79,055	86,840	71,807	78,408
Government - capital	-	53,435	58,973	60,856	67,356	67,356	62,851	30,074	26,367
Interest	9,109	8,475	9,572	8,800	10,030	10,030	6,200	6,200	6,200
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(198,571)	(233,028)	(235,203)	(256,842)	(257,734)	(257,734)	(281,041)	(285,247)	(307,227)
Finance charges	(8,302)	(10,831)	(13,857)	(15,010)	(14,794)	(14,794)	(13,731)	(12,621)	(11,910)
Transfers and Grants	-	(428)	(638)	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	25,789	26,353	46,384	70,697	75,630	75,630	77,039	43,962	41,535
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	850	1,610	3,689	3,750	4,500	4,500	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	5	3	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(45,375)	(35,067)	(65,246)	(76,078)	(97,519)	(97,519)	(73,594)	(29,699)	(25,992)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44,525)	(33,453)	(61,554)	(72,328)	(93,019)	(93,019)	(73,594)	(29,699)	(25,992)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	55	26,496	21,385	11,275	11,275	11,275	7,075	-	-
Increase (decrease) in consumer deposits	299	207	95	250	250	250	250	276	303
Payments									
Repayment of borrowing	(5,327)	(3,911)	(7,520)	(8,954)	(6,954)	(6,954)	(8,000)	(8,000)	(8,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4,973)	22,792	13,960	2,572	4,572	4,572	(674)	(7,724)	(7,697)
NET INCREASE/ (DECREASE) IN CASH HELD	(23,709)	15,692	(1,210)	941	(12,816)	(12,816)	2,770	6,539	7,846
Cash/cash equivalents at the year begin:	31,071	7,362	23,054	18,326	21,844	21,844	9,028	11,798	18,336
Cash/cash equivalents at the year end:	7,362	23,054	21,844	19,267	9,028	9,028	11,798	18,336	26,182

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. Cash and cash equivalents totals R11, 798 million as at the end of the 2013/14 financial year and increase to R26, 182 million by 2015/16.

Cash Backed reserves/accumulated surplus reconciliation (Table A8)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	7,362	23,054	21,844	19,267	9,028	9,028	11,798	18,336	26,182
Other current investments > 90 days	-	(430)	(430)	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	7,362	22,624	21,414	19,267	9,028	9,028	11,798	18,336	26,182
Application of cash and investments									
Unspent conditional transfers	7,149	2,414	7,554	2,500	1,500	1,500	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	(19,866)	(3,463)	6,295	(5,273)	(1,147)	(1,147)	1,957	(495)	(2,817)
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	8,040	55	55	2,059	2,061	2,062
Total Application of cash and investments:	(12,718)	(1,048)	13,849	5,267	408	408	4,016	1,566	(755)
Surplus(shortfall)	20,079	23,672	7,565	14,000	8,620	8,620	7,782	16,771	26,937

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2013/14 the situation deteriorated from R20, 079 million surplus to R7, 782 million surplus.

Asset Management (Table A9)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	44,142	17,275	40,114	34,449	44,914	44,914	51,674	20,933	16,907
Infrastructure - Road transport	9,505	—	—	—	—	—	—	—	—
Infrastructure - Electricity	3,845	1,638	5,216	4,000	4,490	4,490	620	—	—
Infrastructure - Water	21,184	2,883	4,105	1,000	1,758	1,758	7,746	5,179	5,926
Infrastructure - Sanitation	4,144	592	2,653	400	400	400	9,282	15,753	10,981
Infrastructure - Other	—	—	808	—	—	—	—	—	—
Infrastructure	38,678	5,114	12,782	5,400	6,648	6,648	17,649	20,933	16,907
Community	272	—	—	2,500	6,400	6,400	1,100	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	9,602	22,182	23,682	27,317	27,317	29,502	—	—
Other assets	5,192	2,559	5,150	2,867	4,549	4,549	3,423	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets	—	27,348	24,784	41,629	52,605	52,605	21,921	8,766	9,085
Infrastructure - Road transport	—	9,179	4,528	5,088	9,066	9,066	4,399	5,021	5,130
Infrastructure - Electricity	—	1,885	—	4,510	7,031	7,031	—	—	—
Infrastructure - Water	—	11,252	6,626	9,309	11,201	11,201	—	—	—
Infrastructure - Sanitation	—	4,348	12,918	22,722	24,229	24,229	14,252	—	—
Infrastructure - Other	—	—	—	—	265	265	—	—	—
Infrastructure	—	26,665	24,071	41,629	51,792	51,792	18,651	5,021	5,130
Community	—	683	—	—	812	812	3,270	3,746	3,955
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	—	713	—	—	—	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Capital Expenditure	—	27,348	24,784	41,629	52,605	52,605	21,921	8,766	9,085
Infrastructure - Road transport	9,505	9,179	4,528	5,088	9,066	9,066	4,399	5,021	5,130
Infrastructure - Electricity	3,845	3,523	5,216	8,510	11,521	11,521	620	—	—
Infrastructure - Water	21,184	14,135	10,731	10,309	12,959	12,959	7,746	5,179	5,926
Infrastructure - Sanitation	4,144	4,941	15,571	23,122	24,629	24,629	23,535	15,753	10,981
Infrastructure - Other	—	—	808	—	265	265	—	—	—
Infrastructure	38,678	31,778	36,853	47,029	58,440	58,440	36,300	25,953	22,037
Community	272	683	—	2,500	7,213	7,213	4,370	3,746	3,955
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	9,602	22,182	23,682	27,317	27,317	29,502	—	—
Other assets	5,192	2,559	5,863	2,867	4,549	4,549	3,423	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	—	70,694	73,769	—	—	—	78,168	83,189	88,319
Infrastructure - Electricity	—	25,224	30,471	—	—	—	31,091	31,091	31,091
Infrastructure - Water	—	85,506	96,003	—	—	—	103,749	108,929	114,855
Infrastructure - Sanitation	—	63,710	79,089	—	—	—	102,624	118,377	129,357
Infrastructure - Other	284,533	158,461	175,129	558,731	558,731	558,731	296,592	278,804	259,504
Infrastructure	284,533	403,596	454,462	558,731	558,731	558,731	612,224	620,389	623,127
Community	—	—	—	—	—	—	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	29,098	235,358	204,491	239,094	257,746	257,746	269,134	270,452	272,059
Other assets	—	—	—	—	—	—	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	1,478	2,059	2,126	2,182	2,500	2,500	2,190	2,256	2,323
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	315,110	641,012	661,079	800,007	818,977	818,977	883,548	893,097	897,508
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	20,543	8,771	49,755	14,896	14,895	14,895	19,941	21,534	23,254
Repairs and Maintenance by Asset Class	17,688	14,054	15,553	16,646	17,573	17,573	21,405	22,613	23,995
Infrastructure - Road transport	4,023	2,214	2,397	3,150	3,090	3,090	3,826	3,958	4,195
Infrastructure - Electricity	4,117	1,043	1,593	1,169	969	969	2,500	2,700	2,916
Infrastructure - Water	228	1,350	1,210	1,603	1,590	1,590	1,520	1,611	1,708
Infrastructure - Sanitation	422	1,186	1,280	1,337	1,595	1,595	1,390	1,473	1,562
Infrastructure - Other	1,498	—	89	113	108	108	125	133	140
Infrastructure	10,288	5,792	6,568	7,371	7,352	7,352	9,367	9,875	10,527
Community	—	1,143	1,096	750	750	750	850	901	955
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	7,400	7,119	7,889	8,525	9,471	9,471	11,194	11,837	12,519
TOTAL EXPENDITURE OTHER ITEMS	38,231	22,825	65,309	31,542	32,468	32,468	41,346	44,147	47,249
Renewal of Existing Assets as % of total capex	0.0%	61.3%	38.2%	54.7%	53.9%	53.9%	29.8%	29.5%	35.0%
Renewal of Existing Assets as % of deprecn"	0.0%	311.8%	49.8%	279.5%	353.2%	353.2%	109.9%	40.7%	39.1%
R&M as a % of PPE	6.2%	3.5%	3.4%	3.0%	3.1%	3.1%	3.5%	3.6%	3.9%
Renewal and R&M as a % of PPE	6.0%	6.0%	6.0%	7.0%	9.0%	9.0%	5.0%	4.0%	4.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet these recommendations in regard to renewal of existing assets as 29.8% of capital budget is allocated to renewal of existing assets and 3.5% to repairs and maintenance. The reasons for the non-compliance to this National treasury guideline are due to the fact that the tariffs are already high and the municipality is entirely dependent on grant funds to finance its capital programme. The 2013/14 budget year will be the first year during which the municipality will make a contribution to a capital replacement reserve fund. It is also envisaged that all future proceeds of the sale of assets will be paid into the CRR to be utilized to finance renewal of fixed assets. Repairs and maintenance expenditure will also be gradually increased in order to achieve the guideline levels of 8% but also to align the spending with the municipality's maintenance plans.

Basic Service Delivery measurement (Table A10)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Household service targets									
Water:									
Piped water inside dwelling	34,469	24,283	17,815	23,121	23,121	23,121	24,877	25,190	25,507
Piped water inside yard (but not in dwelling)	—	—	—	667	667	667	—	—	—
Using public tap (at least min.service level)	2,916	689	6,514	—	—	—	—	—	—
Other water supply (at least min.service level)	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	37,385	24,972	24,329	23,788	23,788	23,788	24,877	25,190	25,507
Using public tap (< min.service level)	—	—	—	—	—	—	—	—	—
Other water supply (< min.service level)	—	—	—	—	—	—	—	—	—
No water supply	—	61	61	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	61	61	—	—	—	—	—	—
Total number of households	37,385	25,033	24,390	23,788	23,788	23,788	24,877	25,190	25,507
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	19,785	24,111	11,694	21,560	21,560	21,560	24,877	25,190	25,507
Flush toilet (with septic tank)	5,247	5,757	5,707	2,593	2,593	2,593	—	—	—
Chemical toilet	—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)	—	—	—	—	—	—	—	—	—
Other toilet provisions (> min.service level)	—	—	—	—	—	—	—	—	—
Minimum Service Level and Above sub-total	25,032	29,868	17,401	24,153	24,153	24,153	24,877	25,190	25,507
Bucket toilet	—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)	—	—	6,514	—	—	—	—	—	—
No toilet provisions	—	475	475	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	475	6,989	—	—	—	—	—	—
Total number of households	25,032	30,343	24,390	24,153	24,153	24,153	24,877	25,190	25,507
Energy:									
Electricity (at least min.service level)	2,552	2,159	1,174	2,000	2,000	2,000	1,000	—	—
Electricity - prepaid (min.service level)	2,697	3,101	4,864	4,000	4,000	4,000	5,200	6,300	6,500
Minimum Service Level and Above sub-total	5,249	5,260	6,038	6,000	6,000	6,000	6,200	6,300	6,500
Electricity (< min.service level)	—	—	—	—	—	—	—	—	—
Electricity - prepaid (< min. service level)	—	—	—	—	—	—	—	—	—
Other energy sources	—	—	—	—	—	—	—	—	—
Below Minimum Service Level sub-total	—	—	—	—	—	—	—	—	—
Total number of households	5,249	5,260	6,038	6,000	6,000	6,000	6,200	6,300	6,500
Refuse:									
Removed at least once a week	19,196	21,324	24,298	19,196	19,196	19,196	24,877	25,190	25,507
Minimum Service Level and Above sub-total	19,196	21,324	24,298	19,196	19,196	19,196	24,877	25,190	25,507
Removed less frequently than once a week	816	816	816	816	816	816	—	—	—
Using communal refuse dump	1,366	1,366	1,366	1,366	1,366	1,366	—	—	—
Using own refuse dump	6,816	6,816	6,816	6,816	6,816	6,816	—	—	—
Other rubbish disposal	—	—	—	—	—	—	—	—	—
No rubbish disposal	384	384	384	384	384	384	—	—	—
Below Minimum Service Level sub-total	9,382	9,382	9,382	9,382	9,382	9,382	—	—	—
Total number of households	28,578	30,706	33,680	28,578	28,578	28,578	24,877	25,190	25,507
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	5,911	7,600	6,157	8,000	8,000	8,000	8,000	8,000	8,000
Sanitation (free minimum level service)	5,911	7,600	6,157	8,000	8,000	8,000	8,000	8,000	8,000
Electricity/other energy (50kwh per household per month)	5,911	7,600	6,157	8,000	8,000	8,000	8,000	8,000	8,000
Refuse (removed at least once a week)	5,911	7,600	6,157	8,000	8,000	8,000	8,000	8,000	8,000
Cost of Free Basic Services provided (R'000)									
Water (6 kilolitres per household per month)	1,980	2,633	1,472	3,115	3,115	3,115	3,115	3,302	3,501
Sanitation (free sanitation service)	3,049	4,171	3,004	4,932	4,932	4,932	4,932	5,228	5,541
Electricity/other energy (50kwh per household per month)	2,331	3,572	2,343	2,197	2,197	2,197	2,197	2,461	2,757
Refuse (removed once a week)	3,758	5,184	2,806	6,247	6,247	6,247	6,247	6,622	7,019
Total cost of FBS provided (minimum social package)	11,118	15,561	9,625	16,491	16,491	16,491	16,491	17,613	18,817
Highest level of free service provided									
Property rates (R value threshold)	50,000	50,000	50,000	50,000	50,000	50,000	100,000	100,000	100,000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	—	—	—	—	—	—	—	—	—
Sanitation (Rand per household per month)	71	77	77	86	86	86	97	103	109
Electricity (kwh per household per month)	50	50	60	70	70	70	70	70	70
Refuse (average litres per week)	—	—	240	240	240	240	240	240	240
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)	9,398	13,224	952	—	—	—	882	935	988
Property rates (other exemptions, reductions and rebates)	—	—	—	—	—	—	—	—	—
Water	2,277	3,028	2,204	3,115	3,115	3,115	3,302	3,501	3,711
Sanitation	3,507	4,797	3,304	4,932	4,932	4,932	5,426	5,751	6,096
Electricity/other energy	2,680	4,108	972	2,197	2,197	2,197	2,588	2,744	2,908
Refuse	4,322	5,962	4,203	6,247	6,247	6,247	6,515	6,905	7,320
Municipal Housing - rental rebates	932	1,298	1,149	1,329	1,329	1,329	1,327	1,407	1,492
Housing - top structure subsidies	—	—	—	—	—	—	—	—	—
Other	—	—	1,642	2,673	2,673	2,673	2,874	3,046	3,229
Total revenue cost of free services provided (total social package)	23,116	32,418	14,426	20,493	20,493	20,493	22,914	24,289	25,743

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services
 - b. Sanitation services
 - c. Electricity services
 - d. Refuse services
3. The Threshold to receive FBE in Theewaterskloof is two times the old age pension. This threshold was decided on after taking into account the socio-economic and other conditions presently prevalent in the Theewaterskloof Municipal area. The methodology behind this threshold is viewed to be one that is practical, fair, equitable, and justifiable and it does not alienate any group of households. The old age pension is viewed as a relatively accurate measurement of poverty and affordability of municipal services. Decreasing the threshold to the proposed R2300 or below will in any event result in an escalation of bad debt.
4. The budget provides for 8 000 households to be registered as indigent in 2013/14, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities and housing.
5. It is anticipated that these Free Basic Services will cost the municipality R20, 493 million in 2012/13, increasing to R22, 914 million in 2013/14. This is covered by the municipality's equitable share allocation from national government.
6. This need to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 7 per cent of total operating revenue.

4. Operating Revenue and Expenditure Framework

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Revenue By Source									
Property rates	38,729	41,130	43,226	47,766	49,900	49,900	60,047	64,851	70,039
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	37,931	46,752	54,639	63,393	61,446	61,446	65,547	73,122	78,972
Service charges - water revenue	31,259	34,163	35,255	43,139	40,995	40,995	44,390	47,044	49,856
Service charges - sanitation revenue	12,879	13,419	14,623	16,553	15,193	15,193	17,576	18,629	19,752
Service charges - refuse revenue	13,146	14,165	16,074	17,248	16,998	16,998	17,945	19,021	20,163
Service charges - other	1,546	1,429	166	426	1	1	101	106	111
Rental of facilities and equipment	2,004	1,300	1,105	1,472	1,396	1,396	1,420	1,505	1,596
Interest earned - external investments	2,758	1,665	1,738	1,800	2,130	2,130	2,200	2,200	2,200
Interest earned - outstanding debtors	6,352	7,389	7,834	7,000	7,900	7,900	4,000	4,000	4,000
Dividends received	-	-	-	-	-	-	-	-	-
Fines	3,592	3,627	2,942	5,376	5,324	5,324	8,019	8,500	9,010
Licences and permits	62	2,612	2,926	3,033	2,375	2,375	2,508	2,707	2,923
Agency services	1,974	1,778	1,836	2,015	2,000	2,000	2,100	2,268	2,449
Transfers recognised - operational	38,864	48,591	54,794	79,029	81,779	81,779	86,840	71,807	78,408
Other revenue	30,013	13,383	10,537	4,670	7,064	7,064	9,296	9,042	8,747
Gains on disposal of PPE	-	(789)	-	3,750	4,500	4,500	-	-	-
Total Revenue (excluding capital transfers and contributions)	221,107	230,616	247,695	296,670	299,001	299,001	321,989	324,803	348,225
Expenditure By Type									
Employee related costs	82,438	94,714	109,179	114,174	113,350	113,350	126,083	137,761	149,879
Remuneration of councillors	5,655	6,022	7,168	7,872	7,872	7,872	8,502	9,097	9,734
Debt impairment	18,277	18,638	32,422	13,211	13,341	13,341	13,029	13,047	13,921
Depreciation & asset impairment	20,543	8,771	49,755	14,896	14,895	14,895	19,941	21,534	23,254
Finance charges	10,092	12,696	13,857	12,910	12,694	12,694	13,731	12,621	11,910
Bulk purchases	25,913	34,790	41,475	47,609	45,932	45,932	49,824	56,842	61,220
Other materials	-	-	-	-	-	-	-	-	-
Contracted services	8,653	10,377	11,308	17,502	16,515	16,515	18,300	19,369	20,490
Transfers and grants	-	-	638	-	-	-	850	900	960
Other expenditure	93,126	70,513	57,762	69,699	73,697	73,697	78,332	62,178	65,904
Loss on disposal of PPE	-	-	247	-	-	-	-	-	-
Total Expenditure	264,697	256,521	323,811	297,874	298,297	298,297	328,592	333,349	357,272
Surplus/(Deficit)	(43,590)	(25,905)	(76,116)	(1,204)	704	704	(6,603)	(8,546)	(9,047)
Transfers recognised - capital	52,708	53,435	55,406	60,856	72,803	72,803	62,851	30,074	26,367
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Taxation	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Attributable to minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320

Budgeted monthly revenue and expenditure (Table SA25)

Description	Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
													Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	July	August	Sept.	October	November	December	January	February	March	April	May	June			
Revenue By Source															
Property rates	24,019	3,002	3,002	4,203	3,002	3,603	3,002	3,002	3,002	4,804	3,002	2,402	60,047	64,851	70,039
Property rates - penalties & collection charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	7,866	4,588	5,244	3,277	3,277	3,277	4,588	9,832	7,210	4,588	8,521	3,277	65,547	73,122	78,972
Service charges - water revenue	3,551	10,210	2,220	3,107	2,220	2,663	3,551	2,220	3,107	3,551	5,771	2,220	44,390	47,044	49,856
Service charges - sanitation revenue	1,055	1,406	879	879	2,636	1,077	879	3,867	1,582	1,055	1,230	1,406	17,576	18,629	19,752
Service charges - refuse revenue	2,333	1,436	718	1,794	1,077	1,615	1,256	1,794	1,436	1,436	1,436	1,615	17,945	19,021	20,163
Service charges - other	12	15	8	13	4	11	8	7	5	8	4	5	101	106	111
Rental of facilities and equipment	99	128	128	114	114	99	99	128	199	99	114	99	1,420	1,505	1,596
Interest earned - external investments	88	88	132	220	88	220	132	110	396	352	176	198	2,200	2,200	2,200
Interest earned - outstanding debtors	360	320	360	360	400	440	440	480	400	80	40	320	4,000	4,000	4,000
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines	722	642	642	722	642	642	561	882	561	802	722	481	8,019	8,500	9,010
Licences and permits	201	125	100	176	326	426	276	201	276	201	100	100	2,508	2,707	2,923
Agency services	210	168	147	210	105	210	231	126	168	168	210	147	2,100	2,268	2,449
Transfers recognised - operational	33,868	—	434	—	17,368	8,684	868	23,447	—	1,737	—	434	86,840	71,807	78,408
Other revenue	744	372	1,394	465	279	186	186	372	837	1,766	1,673	1,023	9,296	9,042	8,747
Gains on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and expenditure)	75,126	22,500	15,408	15,540	31,537	22,780	16,079	46,467	19,179	20,647	22,999	13,728	321,989	324,803	348,225
Expenditure By Type															
Employee related costs	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,969	126,083	137,761	149,879
Remuneration of councillors	680	680	680	680	680	680	731	731	731	731	731	765	8,502	9,097	9,734
Debt impairment	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	13,029	13,047	13,921
Depreciation & asset impairment	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	19,941	21,534	23,254
Finance charges	—	—	2,197	—	—	3,982	2,989	—	3,570	—	—	3,982	13,731	12,621	11,910
Bulk purchases	498	6,975	6,375	3,488	4,484	3,986	2,989	3,986	4,484	6,477	4,484	996	49,824	56,842	61,220
Other materials	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services	549	915	1,830	1,098	1,647	1,281	1,464	1,647	3,294	1,464	2,379	732	18,300	19,369	20,490
Transfers and grants	—	—	—	—	—	—	—	—	—	—	—	850	850	900	960
Other expenditure	3,133	6,267	5,483	6,267	7,833	5,483	5,483	5,483	7,050	7,050	10,183	8,617	78,332	62,178	65,904
Loss on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Expenditure	18,073	28,050	30,378	24,745	27,857	28,625	23,880	25,060	32,342	28,935	30,990	29,659	328,592	333,349	357,272
Surplus/(Deficit)	57,053	(5,550)	(14,971)	(9,205)	3,680	(5,845)	(7,801)	21,408	(13,163)	(8,288)	(7,991)	(15,931)	(6,603)	(8,546)	(9,047)
Transfers recognised - capital	24,512	—	314	—	12,570	6,285	629	16,970	—	1,257	—	314	62,851	30,074	26,367
Contributions recognised - capital	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	81,565	(5,550)	(14,656)	(9,205)	16,251	440	(7,173)	38,377	(13,163)	(7,031)	(7,991)	(15,617)	56,248	21,528	17,320
Taxation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit)	81,565	(5,550)	(14,656)	(9,205)	16,251	440	(7,173)	38,377	(13,163)	(7,031)	(7,991)	(15,617)	56,248	21,528	17,320

5. Capital Expenditure

Vote Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive & Council	3,354	581	3,538	1,135	2,395	2,395	-	-	-
Vote 2 - Finance & Admin	1,702	2,061	2,688	1,732	2,158	2,158	-	-	-
Vote 3 - Planning & Development	277	-	-	2,500	8,550	8,550	-	-	-
Vote 4 - Community & Social Services	-	-	274	-	-	-	-	-	-
Vote 5 - Housing	-	9,602	22,182	23,682	25,167	25,167	-	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	272	683	-	-	812	812	3,270	3,746	3,955
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	808	-	265	265	-	-	-
Vote 10 - Waste Water Management	4,144	4,941	15,491	23,122	24,629	24,629	9,282	15,753	10,981
Vote 11 - Roads Transport	9,505	9,179	4,046	5,088	9,066	9,066	-	5,021	5,130
Vote 12 - Water	21,043	14,135	10,731	10,309	12,959	12,959	7,746	5,179	5,926
Vote 13 - Electricity	3,845	3,441	5,141	8,510	11,517	11,517	-	-	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	44,142	44,623	64,898	76,078	97,519	97,519	20,298	29,699	25,992
Single-year expenditure to be appropriated									
Vote 1 - Executive & Council	-	-	-	-	-	-	2,754	-	-
Vote 2 - Finance & Admin	-	-	-	-	-	-	928	-	-
Vote 3 - Planning & Development	-	-	-	-	-	-	183	-	-
Vote 4 - Community & Social Services	-	-	-	-	-	-	1,100	-	-
Vote 5 - Housing	-	-	-	-	-	-	29,502	-	-
Vote 6 - Public Safety	-	-	-	-	-	-	-	-	-
Vote 7 - Sport & Recreation	-	-	-	-	-	-	-	-	-
Vote 8 - Environmental Protection	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Management	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management	-	-	-	-	-	-	14,252	-	-
Vote 11 - Roads Transport	-	-	-	-	-	-	4,399	-	-
Vote 12 - Water	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity	-	-	-	-	-	-	179	-	-
Vote 14 - Other	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	53,296	-	-
Total Capital Expenditure - Vote	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
Capital Expenditure - Standard									
Governance and administration	5,056	2,641	6,226	2,867	4,554	4,554	3,864	-	-
Executive and council	-	-	772	785	956	956	2,153	-	-
Budget and treasury office	1,702	2,061	2,688	1,732	2,158	2,158	37	-	-
Corporate services	3,354	581	2,766	350	1,440	1,440	1,675	-	-
Community and public safety	272	10,286	22,455	23,682	25,979	25,979	33,872	3,746	3,955
Community and social services	-	-	274	-	-	-	1,100	-	-
Sport and recreation	272	683	-	-	812	812	3,270	3,746	3,955
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	9,602	22,182	23,682	25,167	25,167	29,502	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	9,781	9,179	4,046	7,588	17,616	17,616	4,399	5,021	5,130
Planning and development	277	-	-	2,500	8,550	8,550	-	-	-
Road transport	9,505	9,179	4,046	5,088	9,066	9,066	4,399	5,021	5,130
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	29,033	22,517	32,171	41,941	49,370	49,370	31,460	20,933	16,907
Electricity	3,845	3,441	5,141	8,510	11,517	11,517	179	-	-
Water	21,043	14,135	10,731	10,309	12,959	12,959	7,746	5,179	5,926
Waste water management	4,144	4,941	15,491	23,122	24,629	24,629	23,535	15,753	10,981
Waste management	-	-	808	-	265	265	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992
Funded by:									
National Government	21,716	18,053	17,582	34,674	43,574	43,574	28,925	26,678	22,800
Provincial Government	272	9,602	24,827	26,182	29,167	29,167	29,502	-	-
District Municipality	192	-	-	-	62	62	-	-	-
Other transfers and grants	-	683	-	-	-	-	-	-	-
Transfers recognised - capital	22,180	28,339	42,409	60,856	72,803	72,803	58,427	26,678	22,800
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	18,246	8,055	14,442	11,275	11,275	11,275	7,075	-	-
Internally generated funds	3,716	8,230	8,047	3,947	13,440	13,440	8,093	3,021	3,192
Total Capital Funding	44,142	44,623	64,898	76,078	97,519	97,519	73,594	29,699	25,992

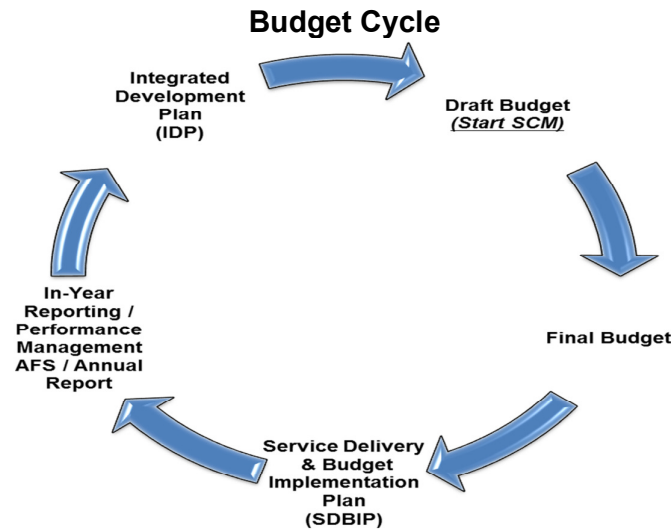
6. Overview of Annual Budget Process

Planning Process used to prepare the Annual Draft Budget

In terms of Section 16 of the MFMA, the Mayor must, at least 90 days before the start of the financial year, table the annual budget at a council meeting. Section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

A time schedule outlining important dates and deadlines as prescribed for the IDP/Budget process, Section 21 (1) (b) was approved by council on 23 August 2012. The budget process for the 2013/2014 MTREF period started and will proceed according to the following timeline:

Phase	Activity	Date
Planning	Tabling of Draft IDP/Budget Process Plan for Council approval	23 August 2012
	Strategic Workshop with councillors and Management.	10-11 September 2012
Public Participation	Ward committees and Town advisory forums together with town manager to conduct ward/town analysis and prioritize and draft Ward/town IDP's incorporating strategic planning outcomes.	3-18 October 2012
	Town Mangers and Ward Committees present outcomes of Draft IDP to the communities.	19 27 November 2012
Prioritization	Town Mangers and Ward committees reprioritize ward IDP's incorporating publics input.	26-29 November 2012
	Prioritization-Council IDP workshop	5 December 2012
	Budget workshop- aligning IDP with Budget	26 February 2013
Alignment	IDP indaba	February 2013
Tabling	Table Draft IDP and Capital and Operating Budgets at Council in terms of Section 16(2) of the MFMA	28 March 2013
Public Participation	Report Back to ward committees/TAF regarding draft IDP and Capital and Operating Budget.	8-18 April 2013
	Advertise draft IDP and Budget for public input	2 to 23 April 2013
Adoption	Approval of IDP and Budget by Council	28 May 2013
Finalizing	Advertise Approved budget, IDP and Tariffs.	04-25 June 2013



The process started with the approval of a Time Schedule, ten months before the start of the new financial year in accordance with section 21(1)(b) of the MFMA. The key deadlines for the process to review the IDP, Budget Related Policies and prepare, table and approve the Annual Budget were approved by Council on 23 August 2012. The key deadlines outlined included the deadline for the consultative process as referred to in Chapter 4 of the MSA.

The next step in the Budget Process was Strategizing. A Strategic Planning Workshop of Councillors and Senior Management were conducted on 10 – 11 September 2012 to decide on the Strategic direction of the Council which inform the IDP.

The IDP was then reviewed through processes, mechanisms, and procedures that allow the local community to participate and be consulted on its Development needs and priorities. The Public Participation meetings were held during October 2012 and facilitated by TWK officials, in order to include in the Integrated Development Plan. The purpose of the consultations was to engage and agree with community stakeholders on community needs, setting uniform, realistic, reasonable, and affordable service levels and appropriate tariffs for the delivery of municipal services to the communities.

After the Strategizing Phase and Compiling of the IDP a Draft Operating Budget and Capital Budget was prepared, informed and reconciled with the IDP and reflect the Developmental Needs of the Community. On the 25 January 2013 the Council considered the 2012/2013 Mid-year Review and Adjustment Budget.

In preparing the budget the following were taken into account:

- The Integrated Development Plan (IDP)
- Revenue and Expenditure Projections for future financial years
- The (Draft) National and Provincial Strategic Objectives
- Division of Revenue Act (DORA)
- Realistically Anticipated Revenue
- Affordability and sustainability of Tariffs
- Level of Service and Cost-Recovery

On 26 February 2013 a Council Budget Workshop was held to discuss the Draft Budget and afterwards feedback was given to certain departments to revise their budget accordingly.

- The draft budget was tabled in Council on 28 March 2013.
- Public Consultation was held during April 2013.
- The draft budget was advertised for comments till 26 April 2013.
- Amendments were made to draft budget (property rates tariff) and was advertised for comments till 10 May 2013.
- The Provincial LG MTEC deliberation was held on 29 April 2013.
- The final operational and capital reviews, tariff reviews, policy reviews and a review of comments will be held during April/May 2013 for the final compilation and completion of the 2013/14 budget.

IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Strategic Plan included the following key IDP goals:

- Financial Sustainability
- Good Governance and Clean Audit
- Institutional Capacity Development
- Basic Service Delivery and Infrastructure
- Local Economic Development and Social Upliftment
- Sustainable Housing Programme
- Environmental Sustainability

The IDP has been taken into a business and financial planning process leading up to the 2013/14 MTREF, based on the approved 2012/13 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

7. Overview of Alignment of Annual Budget with IDP

An IDP should be utilised as a method to plan for future developments in the areas and to find the best solutions to achieve long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. It is important that the IDP developed by municipalities correlate with National and Provincial intent.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies

It is considered that a well-run budget process that incorporates the IDP will facilitate community input, encourage discussion, promote a better understanding of community needs, provide an opportunity for feedback, and improve accountability, transparency, and responsiveness to the needs of the local communities.

Vision of Theewaterskloof Municipality

To ensure and preserve the heritage and natural resources within the region, create and develop a safe, healthy, crime free, economically stable and viable environment for all.

Mission of Theewaterskloof Municipality

“To provide, develop and promote equal opportunities for everyone to stay in a safe, healthy, crime free, economically stable and viable environment through transparent and effective governance, politically stable, planning, services and the efficient and effective utilisation of resources”

STRATEGIC FOCUS AREAS

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. The municipality opted to focus on five strategic areas which would result **in it overcoming its challenges and achieving its vision.**

SFA 1: FINANCIAL VIABILITY

Strategic Goal	Improved Financial Sustainability of the Municipality		
Municipal Strategic Focus areas	Financial Viability		
Strategic Objective	SO1:	Improved Sustainable Financial Management of the Theewaterskloof Municipality and Execute Legislative requirements	
Challenges	<ul style="list-style-type: none">• Low income base (high unrecoverable debt)• Reliant on grants (due to high unemployment rate and large indigent population)• Global Economic recession <i>This has resulted in an increase in unemployment, greater dependence on grants and subsidies and escalating prices of commodities</i>• The <u>cost of compliance</u> with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.		
Outcome / Impact	Financial Sustainability and improved audit opinion		
Strategic Risks			
Municipal Directorate	Financial Services		
Departmental Objectives	<ul style="list-style-type: none">• Work towards obtaining a clean audit• Vigorous driving and management of projects of the financial sustainability steering committee• Review Tariff structure• Improved functioning and results of the Revenue Section/improve the collection rate• Improved Financial Management		
Municipal Directorate	Corporate Services		
Departmental Objectives	Improved Financial Management		
Alignment with National and Provincial Strategies			
Sphere		Description	
National KPA		Municipal Financial Viability and Management	
National Outcome		A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)		Developing a capable and Development State	
Provincial Strategic Objective		Mainstreaming sustainability and optimising resource-use efficiency	
District Strategic Objective		To attain and maintain financial viability and sustainability by executing accounting services in accordance with National Policy and guidance	
Main Functions and Sector Plans associated with this SO			
Municipal Functions		Other spheres	Specific Plans
Good systems, compliance, revenue optimisation, financial sustainability planning		National Treasury and Provincial Treasury; ensuring clean audit	Budgets and 3 yr. plans; SDBIP

SFA 2: GOOD GOVERNANCE

Strategic Goal	Good Governance and Clean Audit	
Municipal Strategic Focus areas	Good Governance	
Strategic Objective	SO 2: Good Governance and Improve the auditing status of the Municipality	
Challenges	<ul style="list-style-type: none">• <i>The <u>cost of compliance</u> with increased legislation, regulations and accounting standards is not only costing more without any significant tangible benefits to the communities, it is also time-consuming and counter-productive.</i>	
Outcome / Impact	<ul style="list-style-type: none">• Clean audit• Improved relationships• Improved communication• Improved community engagements	
Strategic Risks		
Municipal Directorate	Corporate Services	
Departmental Objectives	<ul style="list-style-type: none">• Improve the functioning of the ward committee system	
Municipal Directorate	Office of the MM	
Departmental Objectives	<ul style="list-style-type: none">• Work towards obtaining a clean audit• Improved relationships• Improved Communication and community involvement	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Good Governance and Public Participation	
National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Not applicable	
District Strategic Objective	To ensure Good Governance practice by providing a democratic and proactive accountable government and ensuring community participation through existing IDP structures	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Council, public and stakeholder participation, ward Committees, policies, bylaws	legislative framework and support	

SFA 3: INSTITUTIONAL DEVELOPMENT

Strategic Goal	Optimisation of Capacity	
Municipal Strategic Focus areas	Institutional Development	
Strategic Objective	SO 3: Refine and improve the institutional capacity of the municipality	
Challenges	<ul style="list-style-type: none">• Lack of succession planning• Trained workforce (water, sanitation, road works etc)• Inadequate systems and SOP's• Lack/shortage of Man power• Lack of office space• Shortage of Fleet (Traffic, refuse removal etc.)• Poor payment rate	
Outcome / Impact	<ul style="list-style-type: none">• Improved safety in working environment• Clean audit• Improved processes and productivity• Improved IT systems• Improved municipal capacity• Improved legal compliance• Improved processes and productivity	
Strategic Risks		
Municipal Directorate	Corporate Services	
Departmental Objectives	<ul style="list-style-type: none">• Launch a productivity improvement plan based on the outcome of a productivity assessment• Improved IT service and infrastructure• Implement outcome based training strategies and programmes• Continuous review of policies and delegations and by-laws• Conduct a productivity assessment	
Municipal Directorate	Office of the MM	
Departmental Objectives	<ul style="list-style-type: none">• Optimum 31ptimizing31 of PMS to ensure continuous performance improvement working towards a clean performance audit	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Municipal Transformation and Institutional Development	
National Outcome	A responsive and accountable, effective and efficient local government system	
National Development Plan (2030)	Developing a capable and Development State	
Provincial Strategic Objective	Mainstreaming sustainability and 31ptimizing resource-use efficiency	
District Strategic Objective	To ensure municipal transformation and institutional development by creating a staff structure that would adhere to the principles of employment equity and promote skills development.	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Organisational Development, Systems		Operational plan, Performance Management System

SFA 4: BASIC SERVICE DELIVERY

Strategic Goal	Improve Service Levels	
Municipal Strategic Focus areas	Basic Service Delivery	
Strategic Objective	SO 4: Infrastructure and bulk upgrades, replacements and expansions in order to address infrastructure and bulk services backlogs, make provision for developmental strategies and improve sustainability in the process	
Challenges	<ul style="list-style-type: none">Budget (poor payment rate)Shortage of Fleet (Traffic, refuse removal etc.)Lack/shortage of Man power	
Outcome / Impact	<ul style="list-style-type: none">Provide residents with adequate basic servicesConserve and rehabilitate the natural environmentMitigate the risk of potential disastersSustainable water provisionIncreased safetyBacklog reductionMaintained community facilitiesMaintained fleetImproved electricity provisionIncreased cemetery capacityRehabilitation and maintenance of urban streetsImproved sewerage provisionImproved and sustainable solid waste managementIncreased capacity for sustainable sewerage networkImproved stormwater networkIncreased revenue collection	
Strategic Risks		
Municipal Directorate	Technical Services	
Departmental Objectives	<ul style="list-style-type: none">Mitigate the risk of potential disastersManage the municipality's natural resources (Reserves, public open spaces, waterways)Implementation of three year infrastructure and basic services upgrade, expansion and replacement program linked to the MIG Program, Capital Reserve Development Program and development contribution programConserve the natural environment and improve the quality of our living environment	
Municipal Directorate	Operational Services	
Departmental Objectives	<ul style="list-style-type: none">Day to Day Service DeliveryInfrastructure and bulk upgrades	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Basic Service Delivery	
National Outcome	<ul style="list-style-type: none">An effective, competitive and responsive economic infrastructure networkProtection and enhancement of environmental assets and natural resources	
National Development Plan (2030)	<ul style="list-style-type: none">Nation building and social cohesionEnvironmental Sustainability and ResilienceEconomy and Development	
Provincial Strategic Objective	Mainstreaming sustainability and optimising resource-use efficiency	
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure ito disaster management, municipal health and environmental management	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Water, sanitation, roads, transport infrastructure, storm water, waste removal, parks, recreation. Forward Planning and integration with Human Settlements	MIG funds and other external funding, DWA initiatives	Master plans; MIG project plans, Water Services Plans,

Strategic Goal	Improve Service Levels		
Municipal Strategic Focus areas	Basic Service Delivery		
Strategic Objective	SO 5: Improved environmental management		
Challenges	<ul style="list-style-type: none">Budget (poor payment rate)Lack/shortage of Man power		
Outcome / Impact	<ul style="list-style-type: none">Improved environmental management		
Strategic Risks			
Municipal Directorate	Development Services		
Departmental Objectives	<ul style="list-style-type: none">The replication of sustainable concepts and methodologies developed as part of the Grabouw Sustainable Development InitiativeRoll-out of the 110% Green economyEvaluate all development proposals for environmental sustainability		
Alignment with National and Provincial Strategies			
Sphere		Description	
National KPA		<ul style="list-style-type: none">Basic Service Delivery	
National Outcome		<ul style="list-style-type: none">Protection and enhancement of environmental assets and natural resources	
National Development Plan (2030)		<ul style="list-style-type: none">Environmental Sustainability and Resilience	
Provincial Strategic Objective		<ul style="list-style-type: none">Mainstreaming sustainability and optimising resource-use efficiency	
District Strategic Objective		To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure to disaster management, municipal health and environmental management	
Main Functions and Sector Plans associated with this SO			
Municipal Functions		Other spheres	Specific Plans
Planning and Functioning of Settlements and Conservation, Renewable Energy , Traffic		Planning support (DEADP) and Compliance e.g. NEMA	Disaster Management Plan, Air Quality Management Plan , Law Enforcement Strategy, SDF

Strategic Goal	Improve Service Levels	
Municipal Strategic Focus areas	Basic Service Delivery	
Strategic Objective	SO 6: Increased community safety through traffic policing, bylaw enforcement and disaster management	
Challenges	<ul style="list-style-type: none">Shortage of Fleet (Traffic)Lack/shortage of Man powerLack of updated by-laws	
Outcome / Impact	<ul style="list-style-type: none">Increased community safetyImproved environmental management	
Strategic Risks		
Municipal Directorate	Development Services	
Departmental Objectives	<ul style="list-style-type: none">Implementation of Town Renewal Strategies by using mechanisms such as Special Rates AreasImplementation of Law Enforcement Strategy	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	<ul style="list-style-type: none">Basic Service Delivery	
National Outcome	<ul style="list-style-type: none">All people in south Africa protected and feel safe	
National Development Plan (2030)	<ul style="list-style-type: none">Building Safer Communities	

Provincial Strategic Objective	• Increasing safety	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Planning and Functioning of Settlements and Conservation, Traffic	Planning support (DEADP) and Compliance e.g. NEMA	Law Enforcement Strategy, SDF

Strategic Goal	Improve Service Levels	
Municipal Strategic Focus areas	Basic Service Delivery	
Strategic Objective	SO 7: To develop integrated and sustainable human settlements that will address the housing demand within the Theewaterskloof Area	
Challenges	<ul style="list-style-type: none">Influx of indigent peopleIncreased demand or housingLand availabilityFunding	
Outcome / Impact	<ul style="list-style-type: none">Sustainable human settlements	
Strategic Risks		
Municipal Directorate	Development Services	
Departmental Objectives	<ul style="list-style-type: none">The establishment of sustainable rural settlements in the villages of Klein begins, Nuweberg and Lebanon in following the Comprehensive Rural Development Process.Provision of GAP housingProvision of economic and social facilitiesEnsure unbiased allocation of housing opportunitiesAcquire land for planned integrated Human SettlementsImplementation of the Human Settlements Program which includes programs such as IRDP, EHP & EPHP) & Provision and Implementation of serviced sites	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	<ul style="list-style-type: none">Basic Service Delivery	
National Outcome	<ul style="list-style-type: none">Sustainable human settlements and improved quality of household life	
National Development Plan (2030)	<ul style="list-style-type: none">Transforming Human Settlements	
Provincial Strategic Objective	<ul style="list-style-type: none">Developing integrated and sustainable human settlements	
District Strategic Objective	To ensure the Health and safety of all in the Overberg District through the provision of efficient basic services and infrastructure ito disaster management, municipal health and environmental management	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
planning and implementing housing projects with govt funds, GAP housing, managing emerging settlements	DHS, Human Settlement Projects	Human Settlement Plan & Housing Pipeline

SFA 5: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal		
Municipal Strategic Focus areas	Local Economic Development	
Strategic Objective	SO 8: Creating and enabling environment favorable for economic and human development in a sustainable manner	
Challenges	<ul style="list-style-type: none">• High level of unemployment’• Lack of interest of local labour in working in the Agricultural sector• Poor quality of education• Not enough housing stock in the area to attract paying residents• High level of imports into the municipal area increasing costs.• High level of substance abuse among youth	
Outcome / Impact	<ul style="list-style-type: none">• Improved economic growth• Improved social conditions	
Strategic Risks		
Municipal Directorate	Development Services	
Departmental Objectives	<ul style="list-style-type: none">• Replication of the methodology used to successfully attract private sector investment to Elgin/Grabouw to at least one other area in the Theewaterskloof jurisdiction• Implement the Youth Development Strategy in line with National programs such as EPWP, CWP and the youth entrepreneurial project• Facilitate the establishment of partnerships that will result in the improved social conditions of certain communities (vulnerable groups)• Establish an investor and developer institutional friendly environment within the Municipality• Contracting and Implementation of the Grabouw Investment Initiative	
Alignment with National and Provincial Strategies		
Sphere	Description	
National KPA	Local Economic Development	
National Outcome	Decent employment through inclusive economic growth	
National Development Plan (2030)	Economy and Development	
Provincial Strategic Objective	Creating opportunities for growth and jobs	
District Strategic objective	To promote local economic development by supporting initiatives in the District for the Development of a sustainable district economy	
Main Functions and Sector Plans associated with this SO		
Municipal Functions	Other spheres	Specific Plans
Creating Framework for Growth, Job Creation, Tourism, Specific Projects, PPPs, Town Planning Health and Safety,, everything to do with soft services and recreation, human development, education and training	DEADP, DoEDT Thusong initiative, CDWs, DECAS, DoE, DoSD, Rural Development	SDF, LED strategy Youth Development Strategy. EPWP Strategy, 2030 Strategy, 2030 Projections, Green Economy, Tourism sector plan, Destination Marketing Plan

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2013/14 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Reconciliation between the IDP strategic objectives and budgeted revenue (Table SA4)

Reconciliation between the IDP Strategic Objectives and Budgeted Revenue (Table 3A4)											
Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Municipal transformation and organisational development	Executive and Council: Directorate: Corporate Services		1,300	1,200	1,200	800	800	800	900	950	
Municipal Financial Viability and Management	Executive and Council: Council General Expenditure Finance and Admin: Information Technology, Financial Services, Property Rates, Internal Audit		77,844	82,561	86,384	95,172	101,553	101,553	106,758	115,055	124,231
Promotion of Tourism and Local Economic Development	Local Economic Development and Development Administration Town Planning Property Management Building Control Public Safety		6,516	5,477	4,659	7,465	8,509	8,509	11,029	11,674	12,356
Good Governance and Public Participation	Executive and Council: Directorate: Corporate Services Executive and Council: Council General Expenditure Human Resources IDP Office		16,144	2,685	3,005	4,223	4,548	4,548	3,923	4,196	5,476
Basic Services Delivery and Infrastructure Development	Director: Operational Services Land and Buildings (Property Services) Waste Management (Refuse Removal) Sewerage Road Transport Water Electricity Housing		171,064	190,991	203,491	243,858	250,504	250,504	255,667	216,260	225,349
Human Development	Social Services: Council General Expenditure IDP Office - Partnership Development Community and Social Services Sport & Recreation		947	1,136	4,362	6,008	5,891	5,891	6,563	6,742	7,181
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			273,815	284,050	303,101	357,526	371,804	371,804	384,840	354,877	374,592

Reconciliation between the IDP strategic objectives and budgeted operating expenditure
(Table SA5)

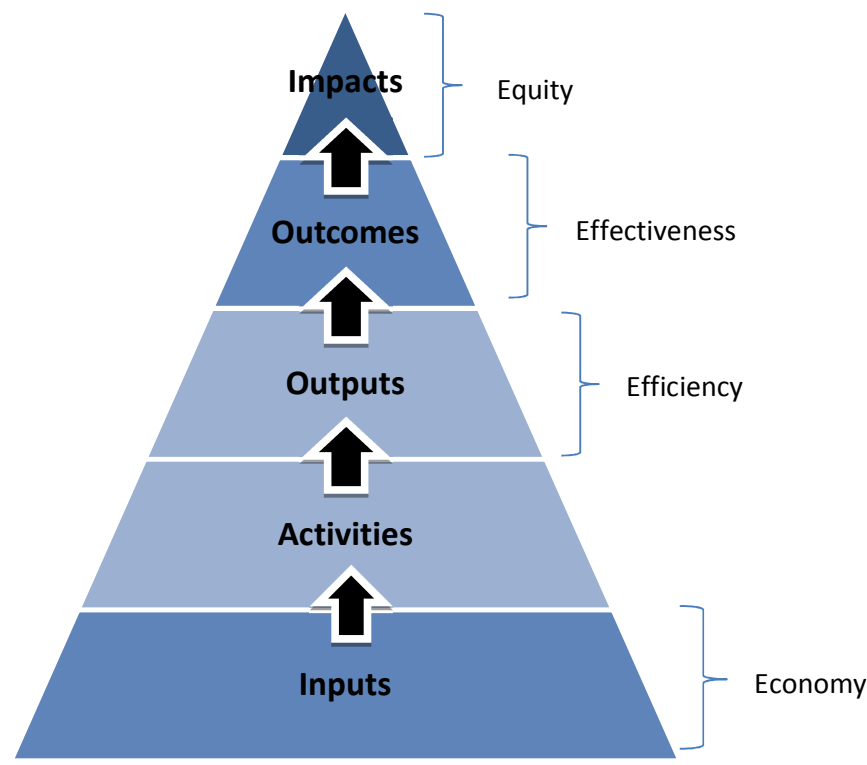
Strategic Objective	Goal	Goal Code	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand											
Municipal transformation and organisational development	Executive and Council: Directorate: Corporate Services		3	1,200	1,200	800	800	800	900	950	
Municipal Financial Viability and Management	Executive and Council: Council General Expenditure Finance and Admin: Information Technology, Financial Services, Property Rates, internal Audit		22,020	23,989	31,527	29,305	28,566	28,566	30,437	31,492	33,898
Promotion of Tourism and Local Economic Development	Local Economic Development and Development Administration Town Planning Property Management Building Control Public Safety		17,380	18,140	19,290	17,385	22,502	22,502	24,553	26,584	28,721
Good Governance and Public Participation	Executive and Council: Directorate: Corporate Services Executive and Council: Council General Expenditure Human Resources IDP Office		35,506	40,528	47,395	46,954	48,373	48,373	51,503	57,052	62,238
Basic Services Delivery and Infrastructure Development	Director: Operational Services Land and Buildings (Property Services) Waste Management (Refuse Removal) Sewerage Road Transport Water Electricity Housing		176,574	161,895	213,941	191,649	186,538	186,538	208,693	203,746	217,789
Human Development	Social Services: Council General Expenditure IDP Office - Partnership Development Community and Social Services Sport & Recreation		13,214	10,769	10,458	11,781	11,519	11,519	12,505	13,525	14,626
Allocations to other priorities											
Total Expenditure			264,697	256,521	323,811	297,874	298,297	298,297	328,592	333,349	357,272

8. Measurable performance objectives and Indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

Performance information needs to be structured to demonstrate clearly how the municipality uses available resources to deliver on its strategic objectives.

In managing for results, budgets are developed in relation to inputs, activities and outputs, while the aim is to manage towards achieving the outcomes and impacts. The image below illustrates the relationship between these core performance information concepts.



Economy indicators: explore whether specific inputs are acquired at the lowest cost and at the right time.

Efficiency indicators: explore how productively inputs are translated into outputs. An efficient operation maximises the level of output for a given set of inputs, or it minimises the inputs required to produce a given level of output.

Effectiveness indicators: explore the extent to which the outputs of an institution achieve the desired outcomes. An effectiveness indicator assumes a model of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals.

Equity indicators: explore whether services are being provided impartially, fairly and equitably. Equity indicators reflect the extent to which an institution has achieved and been able to maintain an equitable supply of comparable outputs across demographic groups, regions, urban and rural areas, and so on.

The following table sets out the municipalities main performance objectives and benchmarks for the 2013/14 MTREF.

Key financial indicators and ratios (table SA8)

Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Borrowing Management</u>										
Credit Rating			B							
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.8%	6.5%	6.6%	7.3%	6.6%	6.6%	6.6%	6.2%	5.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	8.5%	9.1%	11.1%	10.0%	9.0%	9.0%	9.2%	8.2%	7.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.3%	162.7%	95.1%	74.1%	45.6%	45.6%	46.6%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	254828.5%	894.2%	982.3%	589.5%	980.0%	980.0%	864.8%	805.6%	746.5%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	0.7	1.2	0.7	1.0	0.8	0.8	0.7	0.9	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.7	1.2	(1.0)	(1.0)	(1.4)	(1.4)	(1.4)	(1.1)	(0.9)
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.5	0.4	0.3	0.2	0.2	0.2	0.3	0.4
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		124.6%	88.8%	89.5%	91.4%	91.0%	92.7%	93.2%	93.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			124.6%	88.8%	89.5%	91.4%	91.0%	92.7%	93.2%	93.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.8%	12.2%	8.2%	13.4%	10.0%	10.0%	8.5%	9.6%	10.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		210.2%	93.6%	111.6%	161.1%	288.4%	288.4%	231.7%	156.6%	115.1%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	5042711	5095254	3483001	3426832	3426832	3426832	3971136	4030703	4111317
	Total Cost of Losses (Rand '000)	1,820	2,323	1,999	2,231	2,231	2,231	2,915	3,144	3,396
Water Distribution Losses (2)	Total Volume Losses (kℓ)	482209	368125	220646	200000	200000	200000	120000	90000	70000
	Total Cost of Losses (Rand '000)	2,995	2,341	1,423	1,310	1,310	1,310	800	618	502
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.3%	41.1%	44.1%	38.5%	37.9%	37.9%	39.2%	42.4%	43.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	39.8%	44.4%	46.1%	41.1%	40.5%	40.5%	41.8%	45.2%	45.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	8.0%	6.1%	6.3%	5.6%	5.9%	5.9%	6.6%	7.0%	6.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	13.9%	9.3%	25.7%	9.4%	9.2%	9.2%	10.5%	10.5%	10.1%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.7	10.6	10.9	12.8	12.8	12.8	16.6	17.8	19.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	20.6%	18.5%	12.2%	20.9%	16.0%	16.0%	13.2%	14.0%	14.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	1.3	1.1	0.9	0.4	0.4	0.5	0.8	1.0

Performance indicators and benchmarks

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Theewaterskloof Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The municipality's debt portfolio is consisting out of annuity loans. The following financial performance indicators have formed part of the compilation of the 2013/14 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has increased from 5.8 per cent in 2009/10 to 6.6 per cent in 2013/14. This increase can be attributed to the raising of loans to fund portions of the capital programme. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 15.5 per cent.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Lower figures are more acceptable, showing that the company is predominantly financed by equity whilst high gearing shows an over reliance on borrowings for a significant proportion of the municipality's capital requirements. During the 2009/10 financial year the ratio was extremely high at 2548828.5 per cent. Although the ratio continues to improve from 982.3 per cent in the 2011/12 financial year to 864.8 per cent in 2013/14, it is still regarded as much too high and every effort should be made to reduce long term borrowing and to increase reserves.

Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and the benchmark would normally be set at a limit of 1, hence at no point in time should this ratio be less than 1. For the 2011/12 MTREF the current ratio is 0.7 in the 2012/13 financial year 0.8 and 0.7 for 2013/2014 and 0.9 and 1.0 respectively for the MTREF years. Going forward it will be necessary to increase these levels to allow the municipality to be able to pay its liabilities when it falls due.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2011/12 financial year the ratio was 0.4 and is decreasing to 0.2 in the 2013/14 financial year.

Revenue Management

As part of the financial sustainability strategy, initiatives have been implemented to increase cash inflow such as prepaid water and electricity meters for all. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. The municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

Other Indicators

- The electricity distribution losses have been set at 3,971,136 kw for 2013-14. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.
- The water distribution losses in 2011/2012 were 220,646 kl. The 2013-14 targets are set at 120,000 kl. Initiatives such as free water leakage repair for indigent and prepaid water meters will assist in this regards.
- Employee costs as a percentage of operating revenue decrease from 44.1 % in the 2011/12 to 37.9% in 2012-13 and is increasing in the 2013-14 year to 39.2%

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality.

For the 2013/14 financial year 8 000 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 70 kwh of electricity, free sanitation to the value of R110.30 and free waste removal equivalent to R105.80, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with

the free basic services is contained in Table A10 (Basic Service Delivery Measurement) on page 20.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are taken into account in the table noted above.

Providing clean water and managing waste water

Drinking Water Quality and Waste Water Management

There are eight towns each with its own water and waste water treatment facility that falls under the management of the Theewaterskloof Municipality Authority except, for Caledon. The latter receives water from a service provider, Overberg Water.

1. Blue Water Audit for 2012

The performance of Theewaterskloof Municipality is still classified as satisfactory and ranked us the 18th best on the Provincial Blue Drop log, despite the fact that the momentum of last year's improvement could not be maintained. This would be mostly due to the rate of drinking water quality compliance not being according to expectation, but there would be enough progress with the implementation of regulatory requirements. Each water system was assessed against a set of criteria in a Performance Area. The overall score generated in the specific performance area is displayed in table below.

Performance Area	System	Caledon	Botrivier	Voorstekraal/Bereaville	Genadendal
Water Safety Planning		81	66	50	52
Treatment Process Management		78	59	50	51
DWQ Compliances		89	45	100	100
Management, Accountability		78	58	58	58
Asset Management		74	62	44	44
Bonus score		2.77	6.38	4.5	3.1
Blue Drop Score		84.29	61.74%	52.76%	68.66%
Performance Area	System	Grabouw	Greyton	Riviersonderend	Tesselaardal
Water Safety Planning		70	52	56	50

Treatment Process Management	75	51	51	40
DWQ Compliances	55	45	55	73
Management, Accountability	58	58	58	43
Asset Management	58	50	47	62
Bonus score	3.34	4.50	4.15	3.89
Blue Drop Score	65.25%	54.46%	58.06%	60.65%
Performance Area	System	Villiersdorp		
Water Safety Planning		55		
Treatment Process Management		40		
DWQ Compliances		100		
Management, Accountability		61		
Asset Management		44		
Bonus score		3.07		
Blue Drop Score		68.93%		

1.1 Water Safety Plan

DWAF has offered to assist us to draw up these plans for at least one of our town. All role players were involved in this project in order to understand and complete the plans for the remaining systems.

1.2 Treatment Process Management

All process controllers and treatment works are registered and uploaded on the Blue and Green drop regulatory systems but, we do not fully comply with regulation 2834 that states, that the registered process controllers comply with the legislative requirements in terms of

- Number of Process Controller per shift
- Complying with the required classification level of the treatment works and that the supervisor preferably on a higher classification level as that of the process controller on shift.

Record keeping of all water related incidents that may have an impact on the immediate or greater community.

It is a Blue and Green Drop necessity to have a qualified process controller on a Water and Wastewater Treatment System. The lack of skilled process controller and supervisors is just one of the many criteria that are needed for Blue & Green Drop Status achievements. At this stage

our senior process controllers have completed an appropriate NQF 2 training in water & wastewater treatment at the Water Academy. This type of training will allow these process controllers to be fully qualified and skilled in their current position. In conjunction, DBSA launched a supervisory course for the Technical Officers that amplified the importance of operational and compliance monitoring, proper management of assets and financial management.

1.3 Drinking Water Quality Compliances

Failure to achieve 100% compliance can be linked to numerous

- Incompetency of the process controller so therefore training needed or
- The process controller doesn't do daily operational monitoring to detect failures earlier before its reach the consumers
- Proper equipment's need to be place in order to do sampling
- Improper implementation of incident reporting regarding failure therefor trigger late response management
- Treatment Works operate above its design capacity or treatment works not design to remove certain parameters. Process audit need to be conducted to see how the treatment can optimize.
- Lab Error!!! Eliminated by resampling

The monitoring program was not sufficient so we approach/got assistance from other local municipalities who scored 100% in these criteria. The program is compiled in such a way that at the end of the year a full analysis of the parameters as prescribed in the South Africa National Standard 241 (SANS 241) is generated, that is compulsory for the assessment. Provision of such analysis is made with the new Water Quality Tender/ contract with AL Abbott.

1.4 Management, Accountability

Management accountability weight 10% of the total allocated blue drop score. Management commitment is measured by approval of the Water Management Plans, as the municipality has a responsibility towards the direct consumer and broader public that we serve. We therefore need to inform them about the status of the drinking water delivered. Communication can proceed via SLA's; posters; data submission to DWAF and newspaper publications.

1.5 Asset Management

The absence of Operational & Maintenance manuals on site, calibration certificates of water meters and availability of maintenance team competency from service providers influence the overall marked scored in this performance area. Some of the old treatment system lack proper or full O&M manual but with the assistance of Wamtechnology the Operational and Maintenance manuals were compiled

9. Overview of Budget Related Policies

The following Budget-Related Policies have been approved by Council or have been reviewed and amended in line with National Guidelines and Legislation.

7.1. Tariff Policy

The municipality wishes to achieve the following by adopting this policy:

1. To comply with the provisions of Section 74 of the Local Government: Municipal Systems Act, 2000 (MSA): the municipality must adopt and implement a Tariff Policy on the levying of fees for municipal services provided by municipality
2. To comply with Section 62(1) (f) of the MFMA which states that the Accounting Officer must ensure that a municipality has and implement a Tariff Policy
3. To prescribe Procedures and Principles (as defined in Section 74 (2) of the MSA for calculating tariffs where the municipality wishes to implement service providers in terms of Section 76(b) of the Act.
4. To give guidance regarding tariff proposals and calculations to provide a framework to determine fair, transparent and affordable charges that also promote sustainable service delivery.

The policy ensures a holistic and comprehensive overview on all the revenues / charges levied.

7.2. Credit Control and Debt Collection Policy

This policy has been formulated and developed in order to comply with Section 96 - 98 of the Local Government: Municipal Systems Act, 2000 which states:

In terms of Section 96 of the MSA a municipality-

- (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- (b) for this purpose, must adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its rates and tariff policies and complies with the provisions of the MSA.

This policy is also aimed at guiding officials in the legislative implementation of processes necessary to ensure optimal revenue generation and collection. Increased revenue forms the basis for effective service delivery, infrastructure development, and economic growth.

In line with the objective of creating a vibrant and growing municipality, the Credit Control, and Debt Collection Policy is also aligned to the Batho-Pele Principles.

7.4. Cash Management and Investment Policy

In terms of Section 13 (2) of the Municipal Finance Management Act, 2003 the municipality must establish an appropriate and effective Cash Management and Investment Policy.

The objectives of the policy are to ensure optimal performance with the least possible risk, in managing and investing the cash resources of the municipality and to ensure transparency, accountability, and appropriate lines of responsibility.

7.5. Grant in Aid Policy

A Grant in Aid Policy was developed and approved by council in 28 October 2010 in terms of Section 67 of the MFMA.

It deals with processes and procedure to be followed when the municipality allocates grants to other institutions in an equitable and transparent manner and in line with IDP Objectives.

Provisions and disclosure must be made for Allocations under consideration in the draft budget and other prescribed budget related documents for public comments.

Applications are made in line with Section 67 of the MFMA and the policy on a prescribed application form. The name of the institution, grant amount and description should be disclosed on the Grant Statement.

7.6. Asset Management Policy

This policy has been designed to assist management and officials of the Theewaterskloof Municipality with the description and management procedures for Property, Plant and Equipment, Intangible Assets, and Investment Property.

It further aims to ensure that the assets of the municipality are properly accounted for, marked and to ensure that assets are utilized and maintained in an economic, effective, and efficient manner to ensure optimal utilization, value for money and sustainable service delivery.

7.7. Risk Management Policy

Section 62 (1) of the MFMA requires that the Accounting Officer takes all reasonable steps to ensure that the municipality has and maintains effective, efficient, and transparent systems of Financial and Risk Management, of internal control and of internal audit as well as the effective, efficient, and economical use of the resources of the municipality.

The purpose of the Risk Management Policy is to enable the municipality not only to comply with legislation but also to manage risks by reducing/eliminating the likelihood and impact of risks in a pro-active, responsible and structured manner.

7.8. Virement Policy

Virement is process of transferring funds from one line item to another within one vote with the approval of the relevant Senior Manager and CFO, to enable Budget Manager to transfer funds from one vote line-item with anticipated savings to another.

The aim is to improve financial controls over the processes and procedures of transferring funds and to ensure accountability and improved Budgetary Control.

7.9. Anti-Corruption Policy

To ensure that the Municipality is in compliance with the Municipal Systems Act, Act No 32 of 2000 which requires the Municipality, amongst other things to develop and adopt appropriate

systems and procedures that contribute to effective and efficient management of the municipality and its resources.

7.10. Funds and Reserves Policy

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes. and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced with if the funding sources have been considered, are available and have not been committed for other purposes.

The Council sets as objective a long term financially sustainable municipality with acceptable levels of service delivery to the community.

This policy aims to set standards and guidelines in ensuring financial viability over both the short- and long term and includes funding- as well as reserves requirements.

7.11. Short Term Insurance Policy

The MFMA was introduced with the following objective:

- *The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for—*
 - a) *ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;*
 - b) *the management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;*

The objective of this Short Term Insurance Management Policy is to ensure that the;

- ✓ municipality has transparent Insurance claim processes and procedures;
- ✓ general public are informed about the correct processes & procedures when filing a claim with the municipality;
- ✓ general public are aware of the required documentation when filing a claim with the municipality;
- ✓ managers and staff are aware of their responsibilities with regards to insurance management;
- ✓ managers and staff are informed about the correct processes & procedures when reporting;
- ✓ managers and staff are aware of the required documentation when filing a claim with the municipality;
- ✓ unions are informed about the correct processes & procedures;
- ✓ unions are aware of the required documentation;

All the above-mentioned Policies were approved by Council and are reviewed at least annually. The policies are available on the municipality's website.

10. Overview of Budget Assumptions

The Challenge of the International, National and Local Economy is limited Resources versus unlimited needs. Theewaterskloof Municipality is no exception as the unlimited needs of the community as outlined in the IDP are far more than the limited revenue and resource capacity of the municipality. This is largely the reason for adopting Financial Viability as one of our long-term themes defined as improved sustainable revenue capacity versus sound financial resource management.

The Ministerial Advisory Committee defines **Financial Viability** as “the ability of a local authority to fulfil its constitutional and legislative responsibilities. Resources to fulfil these obligations are derived from both the Equitable Share received and distributed nationally, as well as the revenue a municipality can raise locally”.

It is important to highlight the following assumptions:

1. Salaries:

Increase is 10% (5.75% CPI+1.25% increase+0.5% increase from January 2013 + 2.5% for the Notches as contained within the 3 year agreement)

2. Councillors Remuneration:

7% increase is budgeted for.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the budget.

3. **Loans:** We have reached our capacity to take up loans. At 31 December 2012 outstanding Loans amount to R116 million and R11 million is being secured in 2012/13 which will increase loans to approximately R127 million. It is recommended that R7.075 Loans be taken up in 2013/2014. Provision is made for the Grabouw Wastewater Phase 2.

4. Tariffs& Revenue Projections:

Tariffs must be cost-reflective as far as possible because any subsidisation places a burden on another group of consumers.

Increases are as follows:

<u>Service</u>	<u>Increase</u>
Assessment Rates	Depending on individual valuation
Refuse	6.0%
Water	6.0%
Sewer	11.40%
Electricity	7%

Eskom Bulk Electricity Tariff

Bulk purchases will increase with 7.0% (With the final approval of NERSA)

5. Bulk Water Tariff:

The bulk water tariff has increased by 37%

6. Insurance

6% increase in premiums to be based on approved tender @ CPI

7. Capital Charges:

Taken into account Capital Charges on 2013/2014 Loans to be taken up (R36,421,417) and the Loans to be taken up for 2013/2014 amounting to R7, 075m.

8. Other Expenditure**-Fuel:**

From January 2012 to January 2013 the increase in Petrol was 16% and 10% for Diesel. The budget for the 2013/14 financial year amounts to R3.8m. It is expected the price will rise above R13/litre..

-Ward Committee Allowances/Stipends:

R447, 000 provided for Transport, Telephone and Stationery (ie+ R150 / R250 per Ward Committee Member per month)

-MSIG Application of Funds:

Each Directorate must provide their Projects, clearly stating the impact/outcomes and credible costing

- Financial Viability:

R700, 000 provided to ensure that initiatives/interventions are adequately resourced

-Repairs & Maintenance:

Delayed Maintenance result in disrepair and is more expensive due to price increases and the problem increases.

R23, 430 million budgeted (6% of Budget) and the largest slice is taken by Land & Buildings (R6,649m or 28%) compared to R4,720m (20%) for Networks and R3,576m (15%) for Roads and Storm water.

The budget for repairs on vehicles amount to R2, 452, 901 while an amount of R1, 667, 267 was provided for maintenance. In relation to the value of Fixed Assets this may be interpreted to be out of proportion.

-Quick Wins:

R125,000 x 13 Wards = R1,625,000. Project Plans approved by Ward Committees must be supplied with a clear description and details and credible costing in order for us to differentiate between Operating and Capital Budget. R620, 000 is Capital and R1,005,000 is Operating. The possibility of registering EPWP instead of using council Funds should also be considered.

-Indigents Subsidies:

We provided for 8,000 Households. This figure seems to be realistic as there are many occupants of RDP Houses whether the beneficiaries or not who would qualify for Indigents Subsidy. Cost = R23 million.

-Leiwater:

Costs of this service must be recovered (break-even) and must yield a surplus in future as this is a Trading Service which benefits a few households and it is not an essential/mandatory service. The more we subsidise this service the more other consumer categories will have to pay and these may include less affluent communities. This is unfair Town Offices must supply cost information (Time and Overtime, Maintenance, etc) on a monthly basis

13. Budget must also be converted to a **Cash Budget**, i.e. non-cash items such as Depreciation must be deducted from Expenditure and Redemption must be added to Expenditure.

The following problem areas are key factors to be addresses to ensure that the municipality is financial viable:

- Productivity and Cost Cutting Measures
- Backlogs in Infrastructure
- Uncontrolled Influx of Indigent People
- Narrow Revenue Base of the municipality
- Lack of Accurate Data Required for Longer Term Financial Planning
- Unfunded Mandates

“Mind the Gap” has been identified in a previous financial year. It remains relevant as it is crucial to narrow the gap between the expectations of the departments, the wider community of TWK and the financial and other resource capacity of the municipality. This includes managing and reducing high stakeholders/ community expectations and increasing capacity/ resources/ efficiency and effectiveness. First, it is important to determine/ assess the financial health and potential (where we are). Then match available resources and potential resources (including financial) against Service Delivery, Infrastructure and Capital Needs for the next 5 years.

Local Economic Development (LED) is a very important focus area as we need to broaden our Revenue Capacity by developing in the area. The Successful implementation of the Local Economic Development Strategy is a very important to enhance the Financial Viability of the municipality as LED have a definite impact on job creation, development, etc.

The Primary Focus of LED is:

- Social and Economic Development and Tourism.
- Tourism promotion and destination marketing
- SMME Development and Support

Service Delivery remains a challenge for South African municipalities. Since 2006/2007 the municipality has embarked on a process of filling vacancies to ensure that we have the capacity to deliver services. The South African Government highlighted targets to accelerate Service Delivery in SA and TWK acknowledges it.

The following table illustrates the Service Delivery Targets set by the South African Government

Sector	Minimum standard 2014 target
Water	All households to have access to have at least clean piped water 200m from household.
Sanitation	All households to have access to at least ventilated pit latrine on site.
Electricity	All households to be connected to the national grid.
Refuse Removal	All households to have access to at least once a week refuse removal services.
Housing	All existing informal settlements to be formalised with land use plans for economic and social facilities and with provision of permanent basic services.
Other (education, health, roads, transport, sports and recreation, street trading, community halls, parks, etc.)	Standard for access for all other social, government, and economic services must be clearly defined, planned, and where possible, implemented by each sector together with municipalities.

Financial Modelling and Key Planning Drivers

As part of the compilation of the 2013/14 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors, such as Demographics, Socio-Economic and Financial Factors and Principles and planning strategies have informed the compilation of the 2013/14 MTREF:

- CPI
- Interest Rates
- Fuel Price
- Economic Growth
- Economic Recession/ Job Losses
- Councillor's and Officials' Remuneration
- Debt Collection Rate
- Tariff Adjustment
- Indigent Increase
- Informal Settlement Control
- Migration/ Population Increase
- Equitable Share
- Bulk Purchase Tariff Increase

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 55, 58, 66 and 67 has been taken into consideration in the planning and prioritisation process.

Economic Growth

The prevailing political uncertainty and government debt crisis especially in Europe, will no doubt impact on the global economic outlook, as can be seen by the oil price breaching the \$110p/b level.

Economic Recession/Job Losses

Historically, from 2000 until 2012, South Africa Unemployment Rate averaged 25.49 Percent reaching an all-time high of 31.20 Percent in March of 2003 and a record low of 21.90 Percent in December of 2008. In South Africa, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force. The unemployment rate was 24.9% in the fourth quarter of 2012. However, as much of South Africa's unemployment problem is structural in nature, it needs to be addressed through structural microeconomic interventions, and the new growth path, as outlined by government, goes some way in this direction

TWK supports this initiative by utilizing the Expanded Public Works Program (EPWP).

Councillors and Officials Remuneration

Councillors Remuneration is expected to increase by 7% and is also beyond the control of the municipality as the National Government in terms of Remuneration of Public Office Bearers Act determines council increases.

Salary Increase is 10% (5, 75% CPI+1, 25% increase+0, 5% increase from January 2013 + 2.5% for the Notches as contained within the 3 year agreement).

Debt Collection Rate

The target for Debt Collection Rate for 2013/2014 is 91% and is determined in accordance with the realistically anticipated collection trends.

Tariff Adjustment

A "zero-base" approach to improve on tariff setting, ensuring that the principles of benefit received, cost of service and cost-recovery, affordability and sustainability is taken into consideration.

A Briefing- Session was conducted and one-on-one Sessions were held with Directorates Operations, Development and Technical Services and Town Managers on 06 and 08 February 2013.

These engagements were dedicated to tariffs and the process of rationalization of services, identification of various categories of consumers, the level of services rendered/demanded and the levying of appropriate cost-recovery tariffs.

Factors impacting on Tariff Increases

The proposed tariff increases must consider the following:

- Affordability
- Economic Recession, Job Losses
- Councillors Remuneration
- Personnel Cost
- Escalating Fuel Prices
- Economic Indicators (CPI, Interest Rates)
- Escalating Bulk Purchases Prices (Water and Electricity)
- Increasing Indigents
- Electricity Bulk Price Increases (Eskom)
- Repairs and Maintenance

- Willingness and Ability to Pay
 - ✓ The Level/Standard of Service: the higher the level and standard, the higher the tariffs.
 - ✓ Benefit Received
 - ✓ Affordability
 - ✓ Reputation: Good Governance
 - ✓ Good Service Delivery also ensures improved willingness to pay
 - ✓ Recover of Capital and Usage Costs

Deliverables

- The possibilities of Rationalisation of Tariffs (number reduced)
- Tariffs and Tariff Policy simplified for easy understanding and enhanced transparency.
- Service Delivery Cost fully calculated and tariffs should reflect full cost.
- Tariff Setting ensures the Sustainability of Services.
- Tariff Policy must reflect the Financial Strategies.

Tariff Goals

- Revenue Sufficiency
- Affordability of services
- Promoting local economic development
- Wasteful use of service discourage
- Rate of return on assets (in order to ensure allowance is made for the future expansion of infrastructure)

Equitable Share

The Equitable Share increased with **R53, 343** (7.4%) from 2012/13 to **R57,262m** 2013/14.

Years	Equitable Share	Indigent Subsidy	Subsidy as a % of Equitable Share
2010/2011	R43,655m	R19,486m	44.60%
2011/2012	R46,935m	R21,035m	44.80%
2012/2013	R53,343m	R20.492m	38.42%
2013/2014	R57,262m	R22,914m	40.01%

Indigents Subsidy

The number of indigent Households is projected to increase from ±6,000 to ±8,000. This anticipated increase is mainly caused by high levels of unemployment in the Theewaterskloof region, Agricultural Seasonal Employment and Influx of Indigent people seeking greener pastures. This trend will have a significant impact on the Equitable Share Grant Allocation.

The Recent Indigent statistics is reflected below:

Towns	Botrivier	Caledon	Genadendal	Grabouw	Greyton	RSE	Tesselaarsdal	Villiersdorp
Indigent Households	169	620	348	3030	132	463	65	1316

Cost of Indigents Subsidy:

There is a differentiation between the Formal Indigent Households (mostly RDP Houses) and Informal (mostly in Informal Settlements).

The Indigent table below reflects the Free Basic Services Provided and the Cost of such services.

Formal		
Particulars	Amount 2013/2014	Per Diens
Water Basic	68.80	R 3,302,400.00
Electricity	0.00	R 2,019,607.60
Refuse	92.79	R 4,453,920.00
Sewer	96.74	R 4,643,520.00
Total Individual Subsidy p.m.	258.33	
Projected No. of Households	4,000.00	
Grand Total p.m.	1,033,320.00	
No. of months	12	
Electricity TWK1065	101,397.54	
Electricity ESKOM1005	66,903.09	
	12	
Grand Total per month	1,201,620.63	
	14,419,447.60	R 14,419,447.60
Admin Fee	2,162,917.14	2,162,917.14
Grand Total	16,582,364.74	16,582,364.74

Informal		
Particulars	Amount 2013/2014	Per Diens
Electricity		568,824.79
Refuse	42.93	2,060,640.00
Sewer	16.29	782,025.60
Plot Rental	27.66	1,327,459.20
Total Individual Subsidy p.m.	86.88	
Projected No. of Households	4,000.00	
Grand Total p.m.	347,510.40	
No. of months	12	
Total Subsidy p.a (excl Elec)	4,170,124.80	
Electricity TWK300	28,562.69	
Electricity ESKOM283	18,839.38	
	12	
Grand Total per month	394,912.47	
Total Subsidy p.a (incl Elec)	4,738,949.59	4,738,949.59
Admin Fee	710,842.44	710,842.44
Grand Total	5,449,792.03	5,449,792.03

Summary Per Diens		
Diens	Posnommer DT	Bedrag
Property Rates		882,000
Water Basic	10/10/70/10/4510	3,302,400
Electricity	10/10/75/10/4510	2,588,432
Refuse	10/10/55/10/4510	6,514,560
Sewer	10/10/60/10/4510	5,425,546
Plot Rental	10/10/15/14/4510	1,327,459
Admin Fee	10/10/15/10/4510	2,873,760
Total		22,914,157

Transfers and grants made by the municipality (Table SA21)

Description R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Transfers to other municipalities <i>Insert description</i>									
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms <i>Insert description</i>									
Total Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State <i>Eskom</i>			638	-	-	-	850	900	960
Total Cash Transfers To Other Organs Of State:	-	-	638	-	-	-	850	900	960
Cash Transfers to Organisations <i>Insert description</i>									
Total Cash Transfers To Organisations	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals <i>Insert description</i>									
Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	-	-	638	-	-	-	850	900	960

The transfer that is made above to Eskom is in relation to payment for electricity that is provided to indigent households where the municipality is not the electricity distributor in the specific area.

Informal Settlement Control

Based on the survey conducted by LMS it is evident that squatter control is becoming an unavoidable issue which needs to be managed more pro-effectively.

Migration/ Population Increase

According to the census 2001 Theewaterskloof had a population of 106,172, and the results of the 2011 census the population is 108,790 which shows an increase of 3%.

The population growth is especially in the Grabouw and Villiersdorp Farms is due to the agriculture sector being one of the major economic activities in TWK. The agriculture sector, more intensively in the Fruit production is labour-intensive and seasonal. These farm workers are only economically active for a certain period of the year and can contribute to revenue (municipal service) only during that period.

The result of the increase in the population is that there is an increase pressure on our public services such as Clinics, Law Enforcement, and our infrastructure and land availability for houses.

Community Consultation

The draft 2013/14 MTREF was tabled before Council on 28 March 2013 for community consultation and was published on the municipality's website, and hard copies was made available at customer care offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees and Town Advisory Forum, which serve as the representative forums of stakeholders and form the link between the Municipality and the community, were utilised to facilitate the community consultation process from 08 to 25 April 2013, and included nine public briefing sessions. The applicable dates and venues will be published in all the local newspapers.

11. Overview of Budget and Funding

In terms of Section 18 of the Municipal Finance Management Act, an Annual Budget may only be funded from:

- Realistically anticipated revenues to be collected
- Cash backed accumulated funds from previous years surpluses not committed for other purposes
- Borrowed funds, but only for the Capital Budget (Fixed assets, Infrastructure, Property, Plant and Equipment)

The budget recognizes compliance to the following:

- Credible, consistent and responsive to the municipality's IDP
- Funded and achievable in terms of service delivery
- Institutional Needs Analyses and takes into consideration Risk Analyses, Internal, and External Factors impacting on service delivery.
- Contains Revenue and Expenditure Projections that are consistent with current and past year performances.
- The municipality has overcome all the major obstacles which had an impact on its capacity to spend its budget and render services. These include blockages in the form of staff, policies, procedures, and processes.
- Does not jeopardize the Financial Viability of the municipality.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal and property rates.

Revenue was based on:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of 91 per cent annual collection rate for consumer revenue
- Electricity tariff increase within the National Electricity Regulator of South Africa (NERSA) approval
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The following illustrate the difference between the 2012/13 and 2013/14 tariff increase:

Particulars	2012/13	2013/14
Rates	9.6%	Depending on individual evaluation
Electricity	19.86 %	7%
Refuse	8%	6%
Sewerage	6 %	11%
Water	6%	6%

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R134,633 million for the 2012/13 financial year and increasing to R145,559 million for the 2013/14 financial year

Operational grants and subsidies amount to R86,840 million, R71, 807 million and R78, 408 million for each of the respective financial years of the MTREF, or 23%, 20% and 21% per cent of operating revenue.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of R2,2 million, for each of the respective three financial years of the 2013/14 MTREF. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Monetary investments by type (Table SA15)

Investment type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
<u>Parent municipality</u>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	4,987	15,394	15,042	15,000	10,000	10,000	10,000	14,000	18,000
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	4,987	15,394	15,042	15,000	10,000	10,000	10,000	14,000	18,000
<u>Entities</u>									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	-	-	-	-	-	-
Consolidated total:	4,987	15,394	15,042	15,000	10,000	10,000	10,000	14,000	18,000

The following table is a detailed analysis of the municipality's borrowing liability.

Detail of borrowings (Table SA17)

Borrowing - Categorised by type	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Parent municipality									
Long-Term Loans (annuity/reducing balance)	78,065	100,129	112,649	118,095	118,095	118,095	117,170	109,170	101,170
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases	40	–	98	40	40	40	86	81	76
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	78,105	100,129	112,747	118,135	118,135	118,135	117,256	109,251	101,246
Entities									
Long-Term Loans (annuity/reducing balance)									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	–	–	–	–	–	–	–	–	–
Total Borrowing	78,105	100,129	112,747	118,135	118,135	118,135	117,256	109,251	101,246

1.3 Cash flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the actual collection rate of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Budget cash flow statement (Table A7)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	223,553	160,770	171,110	193,864	191,718	191,718	215,920	233,749	249,696
Government - operating	-	47,961	56,428	79,029	79,055	79,055	86,840	71,807	78,408
Government - capital	-	53,435	58,973	60,856	67,356	67,356	62,851	30,074	26,367
Interest	9,109	8,475	9,572	8,800	10,030	10,030	6,200	6,200	6,200
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(198,571)	(233,028)	(235,203)	(256,842)	(257,734)	(257,734)	(281,041)	(285,247)	(307,227)
Finance charges	(8,302)	(10,831)	(13,857)	(15,010)	(14,794)	(14,794)	(13,731)	(12,621)	(11,910)
Transfers and Grants	-	(428)	(638)	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	25,789	26,353	46,384	70,697	75,630	75,630	77,039	43,962	41,535
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	850	1,610	3,689	3,750	4,500	4,500	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	5	3	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-
Payments									
Capital assets	(45,375)	(35,067)	(65,246)	(76,078)	(97,519)	(97,519)	(73,594)	(29,699)	(25,992)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44,525)	(33,453)	(61,554)	(72,328)	(93,019)	(93,019)	(73,594)	(29,699)	(25,992)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	55	26,496	21,385	11,275	11,275	11,275	7,075	-	-
Increase (decrease) in consumer deposits	299	207	95	250	250	250	250	276	303
Payments									
Repayment of borrowing	(5,327)	(3,911)	(7,520)	(8,954)	(6,954)	(6,954)	(8,000)	(8,000)	(8,000)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(4,973)	22,792	13,960	2,572	4,572	4,572	(674)	(7,724)	(7,697)
NET INCREASE/ (DECREASE) IN CASH HELD	(23,709)	15,692	(1,210)	941	(12,816)	(12,816)	2,770	6,539	7,846
Cash/cash equivalents at the year begin:	31,071	7,362	23,054	18,326	21,844	21,844	9,028	11,798	18,336
Cash/cash equivalents at the year end:	7,362	23,054	21,844	19,267	9,028	9,028	11,798	18,336	26,182

Budgeted monthly cash flow (Table SA30)

MONTHLY CASH FLOWS		Budget Year 2013/14												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Cash Receipts By Source																
Property rates		24,019	3,002	3,002	4,203	3,002	3,603	3,002	3,002	3,002	4,804	3,002	1,602	59,247	64,851	70,039
Property rates - penalties & collection charges		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue		7,666	4,388	5,044	3,077	3,077	3,077	4,388	9,632	7,010	4,388	8,321	1,269	61,338	68,577	74,063
Service charges - water revenue		3,301	9,960	1,970	2,857	1,970	2,413	3,301	1,970	2,857	3,301	5,521	713	40,134	42,532	45,073
Service charges - sanitation revenue		1,005	1,356	829	829	2,586	653	829	3,817	1,532	1,005	1,180	247	15,867	16,818	17,832
Service charges - refuse revenue		2,233	1,336	618	1,694	977	1,515	1,156	1,694	1,336	1,336	1,336	659	15,889	16,842	17,853
Service charges - other		12	15	8	13	4	11	8	7	5	8	4	106	106	111	111
Rental of facilities and equipment		99	128	128	114	114	99	99	128	199	99	114	99	1,420	1,505	1,596
Interest earned - external investments		88	88	132	220	88	220	132	110	396	352	176	198	2,200	2,200	2,200
Interest earned - outstanding debtors		360	320	360	360	400	440	440	480	400	80	40	320	4,000	4,000	4,000
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		722	642	642	722	642	642	561	882	561	802	722	481	8,019	8,500	9,010
Licences and permits		201	125	100	176	176	426	276	201	276	201	100	100	2,508	2,707	2,923
Agency services		210	168	147	210	105	210	231	126	168	168	210	147	2,100	2,268	2,449
Transfer receipts - operational		33,868	—	434	—	17,368	8,684	868	23,447	—	1,737	—	434	86,840	71,807	78,408
Other revenue		744	372	1,394	465	279	186	186	372	837	1,766	1,673	1,023	9,296	9,042	8,747
Cash Receipts by Source		74,526	21,900	14,808	14,940	30,937	22,180	15,479	45,867	18,579	20,047	22,399	7,298	308,960	311,756	334,304
Other Cash Flows by Source																
Transfer receipts - capital		24,512	—	314	—	12,570	6,285	629	16,970	—	1,257	—	314	62,851	30,074	26,367
Contributions recognised - capital & Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		21	21	21	21	21	21	21	7,075	21	21	21	21	7,075	—	—
Decrease (increase) in non-current debtors		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source		99,059	21,921	15,143	14,961	43,528	28,486	16,128	69,933	18,600	21,324	22,420	7,633	379,137	342,105	360,974
Cash Payments by Type																
Employee related costs		10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,465	10,969	126,083	137,761	149,879
Remuneration of councillors		680	680	680	680	680	680	731	731	731	731	731	765	8,502	9,097	9,734
Finance charges		—	—	2,197	—	—	3,982	—	—	3,570	—	—	3,982	13,731	12,621	11,910
Bulk purchases - Electricity		419	5,861	5,861	2,930	3,768	3,349	2,512	3,349	3,768	5,442	3,768	837	41,864	48,404	52,277
Bulk purchases - Water & Sewer		80	1,114	1,114	557	716	637	478	637	716	1,035	716	159	7,960	8,438	8,944
Other materials		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services		549	915	1,830	1,098	1,647	1,281	1,464	1,647	3,294	1,464	2,379	732	18,300	19,369	20,490
Transfers and grants - other municipalities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		3,133	6,267	5,483	6,267	7,833	5,483	5,483	5,483	7,050	7,050	10,183	8,617	78,332	62,178	65,904
Cash Payments by Type		15,326	25,302	27,631	21,997	25,109	25,877	21,133	22,312	29,594	26,187	28,242	26,061	294,772	297,868	319,137
Other Cash Flows/Payments by Type																
Capital assets		1,472	2,208	3,680	3,680	3,680	736	1,472	3,680	7,359	8,095	11,039	26,494	73,594	29,699	25,992
Repayment of borrowing		—	—	2,000	—	—	2,000	—	—	2,000	—	—	2,000	8,000	8,000	8,000
Other Cash Flow s/Payments		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type		16,797	27,510	33,310	25,677	28,789	28,613	22,605	25,992	38,954	34,282	39,282	54,555	376,367	335,567	353,129
NET INCREASE/(DECREASE) IN CASH HELD		82,261	(5,589)	(18,168)	(10,716)	14,739	(127)	(6,476)	43,941	(20,354)	(12,958)	(16,862)	(46,922)	2,770	6,539	7,846
Cash/cash equivalents at the monthly year begin:		9,028	91,289	85,700	67,532	56,816	71,556	71,428	64,952	108,893	88,540	58,720	58,720	9,028	11,798	18,336
Cash/cash equivalents at the monthly year end:		91,289	85,700	67,532	56,816	71,556	71,428	64,952	108,893	88,540	75,582	58,720	11,798	11,798	18,336	26,182

1.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Cash backed reserves/accumulated surplus reconciliation (Table A8)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	7,362	23,054	21,844	19,267	9,028	9,028	11,798	18,336	26,182
Other current investments > 90 days	-	(430)	(430)	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-	-
Cash and investments available:	7,362	22,624	21,414	19,267	9,028	9,028	11,798	18,336	26,182
Application of cash and investments									
Unspent conditional transfers	7,149	2,414	7,554	2,500	1,500	1,500	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-
Other working capital requirements	(19,866)	(3,463)	6,295	(5,273)	(1,147)	(1,147)	1,957	(495)	(2,817)
Other provisions	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	8,040	55	55	2,059	2,061	2,062
Total Application of cash and investments:	(12,718)	(1,048)	13,849	5,267	408	408	4,016	1,566	(755)
Surplus(shortfall)	20,079	23,672	7,565	14,000	8,620	8,620	7,782	16,771	26,937

From the above table it can be seen that the cash and investments available total R11, 798 million in the 2013/14 financial year and increase to R18, 336 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.
- There is no unspent borrowing from the previous financial years. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors.

It needs to be noted that, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

- Other provision liability is informed by, amongst others, the supplementary pension liability.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a Surplus against the Cash-backed and accumulated Surpluses reconciliation in 2011/2012 and 2012/2013. The level of non-cash-backing over the period 2009/10 to 2013/14 were R20 , 079 million positive to R7,782 million positive in 2013/14. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Funding compliance measurement (Table SA10)

Description	MFMA section	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	7,362	23,054	21,844	19,267	9,028	9,028	11,798	18,336	26,182
Cash + investments at the yr end less applications - R'000	18(1)b	20,079	23,672	7,565	14,000	8,620	8,620	7,782	16,771	26,937
Cash year end/monthly employee/supplier payments	18(1)b	0.4	1.3	1.1	0.9	0.4	0.4	0.5	0.8	1.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	N.A.	5.5%	2.6%	9.0%	(8.1%)	(6.0%)	5.4%	2.3%	1.2%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	124.6%	88.8%	89.5%	91.4%	91.0%	91.0%	92.7%	93.2%	93.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	13.3%	12.2%	19.6%	7.0%	7.2%	7.2%	6.3%	5.8%	5.8%
Capital payments % of capital expenditure	18(1)c;19	102.8%	78.6%	100.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.3%	162.7%	95.1%	74.1%	45.6%	45.6%	46.6%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.1%	100.1%	100.1%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(0.6%)	(28.4%)	96.9%	(24.8%)	0.0%	(8.3%)	14.4%	12.8%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(6.0%)	(8.1%)	5.7%	0.0%	0.0%	(5.4%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	6.2%	3.5%	3.4%	3.0%	3.1%	3.1%	3.5%	3.6%	3.9%
Asset renewal % of capital budget	20(1)(vi)	0.0%	61.3%	38.2%	54.7%	53.9%	53.9%	29.8%	29.5%	35.0%

1.5.1.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2013/14 MTREF shows R11, 788 million, R18, 336 million and R26, 182 million for each respective financial year.

1.5.1.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8, on page 17. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.5.1.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2010/11 to 2012/13, moving from 1.3 to 0.4 with the adopted 2012/13 MTREF. The municipality aims to achieve at least one month's cash coverage, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

1.5.1.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2013/14 MTREF the indicative outcome is a surplus excluding depreciation off sets of R56 million, R22 million and R17 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.5.1.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals - 5.4, 2.3 and 1.2 per cent for the respective financial year of the 2013/14 MTREF. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.5.1.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 92.7, 93.2 and 93.3 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.5.1.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.3, 5.8 and 5.8 per cent over the MTREF.

1.5.1.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

1.5.1.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 46.6 of own funded capital.

1.5.1.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

1.5.1.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.5.1.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table SA34C on page 79.

1.5.1.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table SA34b on page 77.

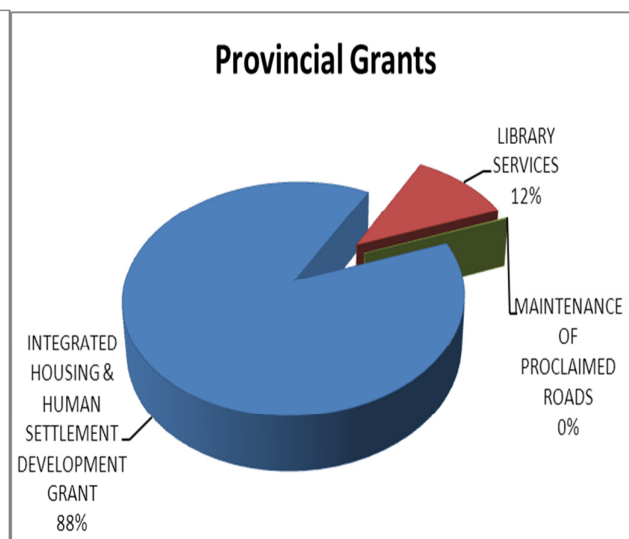
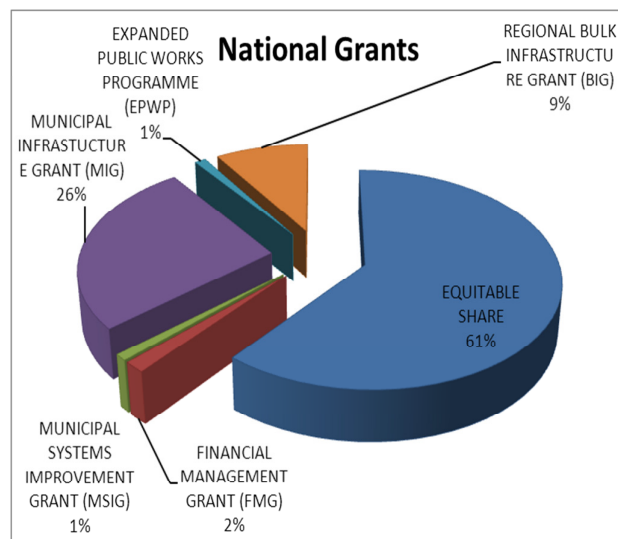
12. Expenditure on allocations and grant programmes

Expenditure on allocations and grant programmes (Table SA19)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	35,485	45,897	49,267	56,937	57,763	57,763	60,652	65,186	71,353
Local Government Equitable Share	33,167	43,654	44,750	53,343	53,343	53,343	57,262	62,652	68,737
Finance Management	1,018	924	1,716	1,500	1,390	1,390	1,500	1,600	1,650
Municipal Systems Improvement	1,300	1,064	1,336	800	800	800	890	934	966
Expanded Public Works Programme	-	256	1,464	994	1,930	1,930	1,000	-	-
Water Services Operating Subsidy	-	-	-	300	300	300	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	1,184	1,199	4,379	21,192	21,716	21,716	26,103	6,536	6,970
Community Development Worker Grant	429	444	145	189	313	313	-	-	-
Library Services Grant	491	678	4,234	5,671	5,671	5,671	6,361	6,536	6,970
Proclaimed Main Roads	252	60	-	108	108	108	74	-	-
Spatial Dev Framework	12	-	-	-	-	-	-	-	-
Township Development: Dennekruin	-	18	-	-	-	-	-	-	-
Finance Management	-	-	-	-	400	400	-	-	-
Housing	-	-	-	15,080	15,080	15,080	19,668	-	-
Sport and culture	-	-	-	144	144	144	-	-	-
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>									
Other grant providers:	1,945	1,723	1,788	900	2,300	2,300	85	85	85
IDC Grant	-	-	-	-	800	800	-	-	-
DBSA Local Economic Development	-	635	557	-	600	600	-	-	-
SETA	-	229	640	-	-	-	-	-	-
HAN	-	859	569	900	900	900	85	85	85
DBSA	1,945	-	22	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants	38,614	48,820	55,434	79,029	81,779	81,779	86,840	71,807	78,408
Capital expenditure of Transfers and Grants									
National Government:	25,029	20,306	20,954	34,674	43,574	43,574	28,925	26,678	22,800
Municipal Infrastructure Grant (MIG)	22,692	20,306	19,550	26,174	28,201	28,201	21,468	21,576	22,800
Integrated National Electrification Programme	2,337	-	1,000	3,000	3,000	3,000	-	-	-
Regional Bulk Infrastructure	-	-	277	5,500	10,500	10,500	7,456	5,102	-
Neighborhood development Grant	-	-	127	-	1,873	1,873	-	-	-
Other capital transfers/grants [insert desc]	-	-	-	-	-	-	-	-	-
Provincial Government:	27,435	33,129	34,452	26,182	29,167	29,167	29,502	-	-
Housing	27,125	32,437	31,624	23,682	25,167	25,167	29,502	-	-
Proclaimed Main Roads	-	-	2,828	-	-	-	-	-	-
Community Centre	-	-	-	2,500	2,500	2,500	-	-	-
Sportfields	311	692	-	-	-	-	-	-	-
Public Transport Infrastructure Grant	-	-	-	-	1,500	1,500	-	-	-
District Municipality:	219	-	-	-	62	62	-	-	-
<i>Multi-purpose bus</i>	219	-	-	-	62	62	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
IDC Grant	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	52,683	53,435	55,406	60,856	72,803	72,803	58,427	26,678	22,800
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	91,296	102,255	110,839	139,885	154,582	154,582	145,267	98,485	101,208

The table below reflects the 2013 Division of Revenue Act Grant Allocations

GRANT		2013/14	2014/15	2015/16
		BUDGET	BUDGET	Budget
		R'000	R'000	R'000
EQUITABLE SHARE	OPEX	57,262	62,652	68,737
FINANCIAL MANAGEMENT GRANT (FMG)	OPEX	1,500	1,600	1,650
MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)	OPEX	890	934	966
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	CAPEX	24,849	24,972	26,367
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	OPEX	1,000	-	-
REGIONAL BULK INFRASTRUCTURE GRANT (BIG)	CAPEX	8,500	5,102	-
TOTAL NATIONAL GRANTS		94,001	95,260	97,720
PROVINCIAL ALLOCATIONS				
INTEGRATED HOUSING & HUMAN SETTLEMENT DEVELOPMENT GRANT		49,170	-	-
INTEGRATED HOUSING: OPERATIONAL	OPEX	19,668	-	-
INTEGRATED HOUSING: CAPITAL	CAPEX	29,502	-	-
LIBRARY SERVICES	OPEX	6,361	6,536	6,970
MAINTENANCE OF PROCLAIMED ROADS	OPEX	74	-	-
TOTAL PROVINCIAL GRANTS		55,605	6,536	6,970
OTHER GRANT PROVIDERS				
HAN	OPEX	85	1,000	-
TOTAL OTHER GRANT PROVIDERS		85	1,000	-
GRAND TOTAL		149,691	102,796	104,690
NOTE: Allocations for Conditional Grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act (DORA) are published for indicative purposes only and are not guaranteed.		OPEX	86,840	72,722
		CAPEX	62,851	30,074
		TOTAL	149,691	102,796



13. Employee remuneration and benefits

Summary councillor and staff benefits (Table SA22)

Summary of Employee and Councillor remuneration R thousand	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4,728	4,933	5,737	5,622	5,622	5,622	6,072	6,497	6,952
Pension and UIF Contributions			-		-	-			
Medical Aid Contributions			-		-	-			
Motor Vehicle Allowance	648	792	1,085	1,874	1,874	1,874	2,024	2,166	2,317
Cellphone Allowance	278	297	346	375	375	375	405	434	464
Housing Allowances			-		-	-			
Other benefits and allowances					-	-			
Sub Total - Councillors	5,654	6,022	7,168	7,872	7,872	7,872	8,502	9,097	9,734
% increase		6.5%	19.0%	9.8%	-	-	8.0%	7.0%	7.0%
Senior Managers of the Municipality									
Basic Salaries and Wages	3,790	4,281	4,773	5,223	5,223	5,223	5,532	5,919	6,334
Pension and UIF Contributions	304	352	383	949	949	949	612	654	700
Medical Aid Contributions	72	80	92	93	93	93	158	169	180
Overtime			-	-	-	-	-	-	-
Performance Bonus	392		580	435	435	435	491	525	562
Motor Vehicle Allowance	575	578	578	578	578	578	670	717	767
Cellphone Allowance	53	53			-	-	-	-	-
Housing Allowances	104	106	106	106	106	106	24	26	28
Other benefits and allowances	94	251	574	86	86	86	214	229	245
Payments in lieu of leave					-	-	-		
Long service awards					-	-	-		
Post-retirement benefit obligations					-	-	-		
Sub Total - Senior Managers of Municipality	5,384	5,701	7,086	7,470	7,470	7,470	7,701	8,240	8,817
% increase		5.9%	24.3%	5.4%	-	-	3.1%	7.0%	7.0%
Other Municipal Staff									
Basic Salaries and Wages	48,750	58,088	63,339	69,049	68,311	68,311	76,710	83,859	91,265
Pension and UIF Contributions	8,855	10,542	11,479	12,998	12,927	12,927	15,015	16,456	17,950
Medical Aid Contributions	2,551	2,745	3,103	3,126	3,114	3,114	3,485	3,820	4,168
Overtime	2,907	2,102	3,051	3,227	3,069	3,069	3,354	3,673	4,003
Performance Bonus		5,013	-	-	-	-	-	-	-
Motor Vehicle Allowance	4,151	3,976	4,043	3,677	3,789	3,789	4,113	4,521	4,942
Cellphone Allowance			-	-	-	-	-	-	-
Housing Allowances	576	542	563	602	603	603	552	605	660
Other benefits and allowances	9,263	6,329	5,930	8,763	8,865	8,865	9,879	10,835	11,825
Payments in lieu of leave			3,744	900	900	900	-	-	-
Long service awards		338	470	1,062	1,001	1,001	675	716	759
Post-retirement benefit obligations		1,099	4,179	3,300	3,300	3,300	4,600	5,037	5,490
Sub Total - Other Municipal Staff	77,053	90,775	99,901	106,704	105,880	105,880	118,383	129,521	141,062
% increase		17.8%	10.1%	6.8%	(0.8%)	-	11.8%	9.4%	8.9%
Total Parent Municipality	88,091	102,498	114,155	122,046	121,222	121,222	134,585	146,858	159,612
		16.4%	11.4%	6.9%	(0.7%)	-	11.0%	9.1%	8.7%

Salaries, allowances & benefits (political office bearers, councillors/senior managers)(Table SA23)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	424,264		163,210			587,474
Chief Whip							-
Executive Mayor	1	530,329		198,566			728,895
Deputy Executive Mayor	1	424,264		163,210			587,474
Executive Committee	5	1,988,738		771,856			2,760,594
Total for all other councillors	17	2,704,656		1,132,653			3,837,309
Total Councillors	25	6,072,251	-	2,429,495			8,501,746
Senior Managers of the Municipality							
Municipal Manager (MM)	1	1,162,702	52,939	192,853	112,680		1,521,174
Chief Finance Officer	1	780,195	177,211	121,461	-		1,078,867
Director Operational Services	1	765,903	214,442	116,442	87,743		1,184,530
Director Technical Services	1	1,038,931	13,623	152,502	96,404		1,301,460
Director Development Services	1	841,174	209,360	167,695	97,458		1,315,687
Director Corporate Services	1	943,182	181,044	78,556	96,223		1,299,005
							-
Total Senior Managers of the Municipality	6	5,532,087	848,619	829,509	490,508		7,700,723

Summary of personnel numbers (Table SA24)

Summary of Personnel Numbers	2011/12			Current Year 2012/13			Budget Year 2013/14		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	23	-	-	25	-	-	25	25	-
Board Members of municipal entities	-	-	-	-	-	-	-	-	-
Municipal employees									
Municipal Manager and Senior Managers	6	-	6	6	-	6	6	-	6
Other Managers	21	20	1	21	20	1			
Professionals	137	137	-	142	139	1	174	173	2
Finance	6	6	-	7	6	-			
Spatial/town planning	6	6	-	7	6	-			
Information Technology	2	2	-	3	2	1	3	2	1
Roads	26	26	-	26	26	-	73	73	-
Electricity	11	11	-	13	13	-	17	17	1
Water	41	41	-	41	41	-	28	28	-
Sanitation	14	14	-	14	14	-	16	16	-
Refuse	8	8	-	8	8	-	11	11	-
Other	23	23	-	23	23	-	26	26	-
Technicians	86	87	1	88	88	-	85	85	4
Finance	31	31	-	31	31	-	33	33	4
Spatial/town planning	-	-	-	-	-	-	9	9	-
Information Technology	-	-	-	-	-	-	-	-	-
Roads	16	16	-	16	16	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-
Other	39	40	1	41	41	-	43	43	-
Clerks (Clerical and administrative)	44	44	-	44	44	-	46	46	-
Service and sales workers	25	25	23	25	25	23	25	25	20
Skilled agricultural and fishery workers	3	3	-	3	3	-	-	-	-
Craft and related trades	-	-	-	-	-	-	16	16	-
Plant and Machine Operators	36	36	-	36	36	-	41	41	-
Elementary Occupations	163	163	-	163	163	-	171	171	-
TOTAL PERSONNEL NUMBERS	544	515	31	553	518	31	589	582	32
% increase				1.7%	0.6%	-	6.5%	12.4%	3.2%
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount									

14. Annual Budgets and Service delivery and Budget Implementation plans- Internal Departments

The Functional performance of the municipality provides comprehensive information on the implementation of the SDBIP and the relevant Functional Area reporting schedule:

- a. A detailed departmental SDBIP will be available on the website of TWK Municipality.

The functional breakdown per Directorate is as follows:

Corporate Service:

Legal Advisory

- Both the Director and deputy Director Corporate Services are the Legal Officers for the organisation and provide legal support to all Directorates

Administration

- Give administrative support to the Council and its political structures
- Corporate support for other Directorates and Town offices
- Provision of secretariat services to all directorates
- The management of the municipality's incoming and outgoing mail including the distribution and dispatch of correspondence to and from the public
- The management of access to records
- The management of Security and Cleaning Services

Human Resources

- Ensuring a skilled workforce through training and selection
- Ensuring sound HR administration
- Ensuring an informed labour force by practicing sound labour relations
- Ensuring a sound organisational structure

Information Technology

- The Information Technology department serves as support function for the whole of the organization:
- Maintaining the IT and communication Infrastructure
- Facilitate the integration of information systems
- Establishing and maintaining proper backup procedures and systems
- Ensuring information security

Development Services:

Integrated Development Planning

This department provides a unique support service to all departments, community and council. It is responsible for the coordination and management of the IDP process, Organisational Performance Management, Annual Reporting, Service Delivery and Budget Implementation Plan, and Social Development

Local Economic Development (LED) and Tourism

- Create an enabling environment for economic development
- Increase economic opportunities for people

- Promote intergovernmental collaboration
- Build local Capacity
- Encourage PPP in Local economic Development
- Monitor and evaluate LED strategy.
- Capacitate SMME's

Housing and Integrated Human Settlement

- The function of this department is to facilitate, manage and maintain low cost housing development within the Theewaterskloof Municipality

Property Management

- The Property Management section has to ensure that Municipal owned immovable assets are managed efficiently, effectively and economically and are dealt with in a manner which will ensure the maximum benefit to the municipality and the community

Financial Services:

Expenditure and Supply Chain Management

- Salaries: Implementation of approved payroll, paying of salaries, allowances and accounting for payroll implementation
- Creditors: Payment and recording of creditors' payments and reconciliations
- Supply Chain Management: Responsible for the Administration and Management of Procurement of goods and services (i.e. Acquisition Management in particular)
- Bank Reconciliation
- Administration and Management of Investments
- Administration and Management of Loans
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Revenue Management

- Facilitation and application for Municipal Services
- Debtors Billing Administration and Management
- Meter Reading
- Administration of Clearance Certificates
- Rendering of Monthly Consumer / Rates Debtors Accounts
- Debtors Customer Care and Query Administration
- Receipting and bank revenue management
- Credit Control, Debt Collection and Indigents Management
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Budget Office

- Budget
- In-year Reporting
- Annual Financial Statements,
- Budgetary Management and Control
- Asset Management
- Insurance Management
- Costing Services (commencing in September 2009)
- Financial Viability
- Co-ordinate Financial Policy Formulation

- Financial Management Workshops under leadership of CFO
- Maintain Professionalism, Honesty, Integrity and Internal Controls

Technical Service:

Water Distribution and Treatment

- (Supply potable water in accordance with (SABS 241) to the residents within its jurisdiction. In terms of Schedule 4B of the Constitution: "Water and Sanitation Services limited to potable water supply systems")

Roads

- The Theewaterskloof Municipality is responsible for the roads and storm water reticulation within the towns of the WC031 established municipal area. The Roads and Storm water Division functions as a division on its own headed by the Assistant manager of each town. This unit has 85 trained technical, artisans and other operational staff

Electricity Distribution

The electricity purchase and distribution functions of the municipality are administered as follows and include:

- The effective and efficient distribution and reticulation of energy in the following towns (Caledon, Villiersdorp, Greyton and Riviersonderend. Grabouw, Genadendal, Tesselaarsdal, Botrivier and Middleton reside within Eskom jurisdiction)
- Distribute electricity subject to the license conditions set by NERSA

Electricity/Street lighting

- Provide adequate street lighting for urban areas
- Maintain/Repair of faulty street lights
- Upgrade of existing services as well as new developments
- These services extend to include Theewaterskloof (Caledon, Greyton, Riviersonderend and Villiersdorp, but do not take account rural areas such as Tesselaarsdal, Botrivier, Grabouw, Genadendal which resides within the jurisdiction of provincial Government

Waste Water Management (Sewerage)

- Theewaterskloof Municipality provides sewerage collection systems, comprising water borne sewer networks, bucket removal system and vacuum tanker service where necessary, and treats the collected effluent at 7 sewage treatment plants. Further services include the provision and maintenance of communal toilets in informal areas

Solid Waste Management

- Theewaterskloof municipality is responsible for the day to day operations in every town and for the removal and collection of the waste, cleaning of road reserves and most public open places. There are three Transfer-stations in the Municipal jurisdiction, one in Grabouw, Villiersdorp and the other in Botriver. Caledon has a licensed waste site but Genadendal, Greyton and Riviersonderend is not permitted yet.

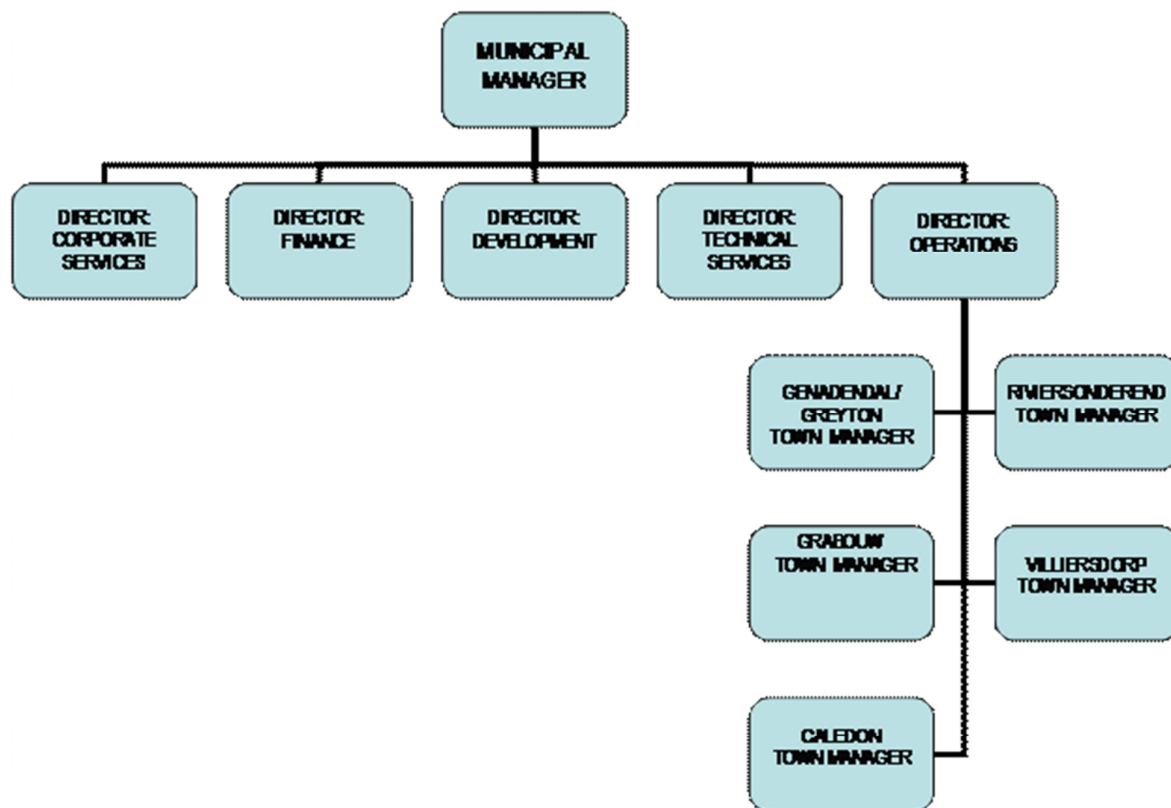
Fleet Management

- To manage and maintain all fleet of the municipality.
- To provide sufficient municipal services to all residence within the municipal boundary.

OPERATIONS

- Responsible for the day-to-day to service delivery within all Theewaterskloof Towns.

Senior Management Capability and Structure



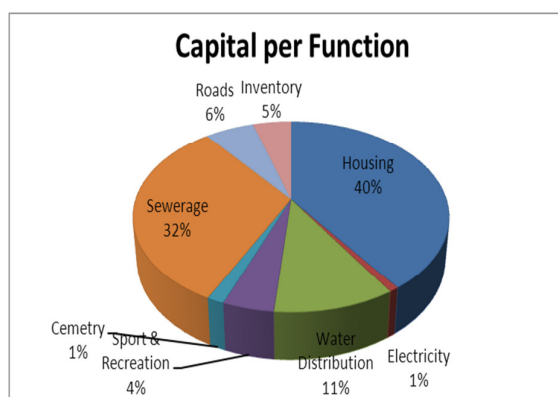
15. Capital expenditure details

Capital Budget

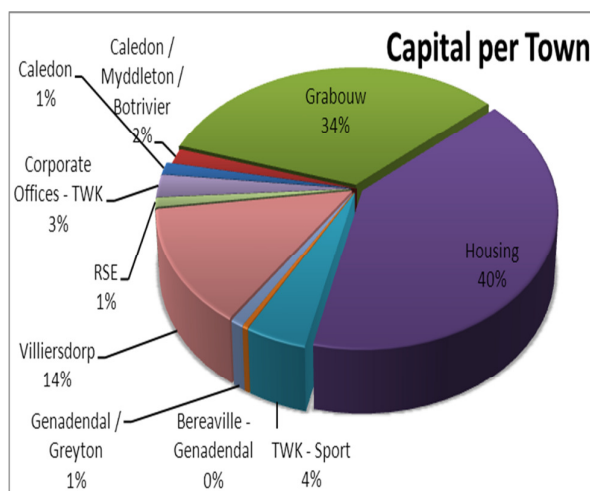
The capital budget per function, town and per funding source is illustrated below:

The Capital Budget decreased from R97, 519 in 2012/13 to R73, 594m in 2013/14, R26, 699m in 2014/15 and R25, 992m in 2015/2016.

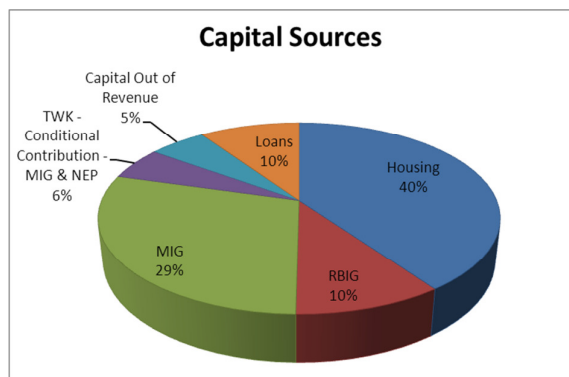
Capital per Function	Budget 2013/2014
Housing	29,502,000.00
Electricity	620,000.00
Water Distribution	7,746,200.00
Sport & Recreation	3,269,605.00
Cemetery	1,100,000.00
Sewerage	23,534,650.00
Roads	4,398,816.00
Inventory	3,423,062.00
Total	73,594,333.00



Capital per Town / Department	Budget 2013/2014
Caledon	1,056,000
Caledon / Myddleton / Botrivier	1,325,000
Grabouw	24,702,816
Housing	29,502,000
TWK - Sport	3,270,000
Bereaville - Genadendal	300,000
Genadendal / Greyton	708,000
Villiersdorp	9,982,000
RSE	807,000
Corporate Offices - TWK	1,941,517
Total	73,594,333



Capital Sources	Budget 2013/2014
Housing	29,502,000.00
RBIG	7,456,140.00
MIG	21,468,421.00
TWK - Conditional Contribution - MIG & NEP	4,049,440.00
Capital Out of Revenue	4,043,062.00
Loans	7,075,270.00
Total	73,594,333.00



Capital grants and receipts equates to 79.4 per cent of the total funding source which represent R58, 427 million for the 2013/2014 financial year and decreased to R26, 678 million in 2014/2015.

Contracts having future budgetary implications (Table SA33)

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

The following three tables present details of the Theewaterskloof's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Capital expenditure on new assets by asset class (Table SA34a)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	38,678	5,114	12,782	5,400	6,648	6,648	17,649	20,933	16,907
Infrastructure - Road transport	9,505	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges	9,505	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	3,845	1,638	5,216	4,000	4,490	4,490	620	-	-
Generation	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	3,845	1,638	5,216	4,000	4,490	4,490	-	-	-
Street Lighting	-	-	-	-	-	-	620	-	-
Infrastructure - Water	21,184	2,883	4,105	1,000	1,758	1,758	7,746	5,179	5,926
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	21,184	2,883	4,105	1,000	1,758	1,758	7,746	5,179	5,926
Infrastructure - Sanitation	4,144	592	2,653	400	400	400	9,282	15,753	10,981
Reticulation	-	-	2,653	400	400	400	9,282	15,753	10,981
Sewerage purification	4,144	592	-	-	-	-	-	-	-
Infrastructure - Other	-	-	808	-	-	-	-	-	-
Waste Management	-	-	808	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Community	272	-	-	2,500	6,400	6,400	1,100	-	-
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	2,500	6,400	6,400	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	1,100	-	-
Social rental housing	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Investment properties	-	9,602	22,182	23,682	27,317	27,317	29,502	-	-
Housing development	-	9,602	22,182	23,682	25,167	25,167	29,502	-	-
Other	-	-	-	-	2,150	2,150	-	-	-
Other assets	5,192	2,559	5,150	2,867	4,549	4,549	3,423	-	-
General vehicles	490	231	1,026	-	62	62	-	-	-
Specialised vehicles	1,775	-	-	-	-	-	-	-	-
Plant & equipment	596	-	-	-	-	-	-	-	-
Computers - hardware/equipment	197	-	-	-	-	-	891	-	-
Furniture and other office equipment	702	2,061	2,688	1,732	2,158	2,158	2,532	-	-
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	188	664	350	1,373	1,373	-	-	-
Other Buildings	1,083	79	-	-	171	171	-	-	-
Other Land	277	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	71	-	772	785	785	785	-	-	-
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	44,142	17,275	40,114	34,449	44,914	44,914	51,674	20,933	16,907

Capital expenditure on renewal of existing assets by asset class (Table SA34b)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	26,665	24,071	41,629	51,792	51,792	18,651	5,021	5,130
Infrastructure - Road transport	-	9,179	4,528	5,088	9,066	9,066	4,399	5,021	5,130
Roads, Pavements & Bridges		9,179	4,528	5,088	9,066	9,066	4,399	5,021	5,130
Storm water									
Infrastructure - Electricity	-	1,885	-	4,510	7,031	7,031	-	-	-
Generation									
Transmission & Reticulation		1,885		4,510	7,031	7,031			
Street Lighting									
Infrastructure - Water	-	11,252	6,626	9,309	11,201	11,201	-	-	-
Dams & Reservoirs									
Water purification									
Reticulation		11,252	6,626	9,309	11,201	11,201			
Infrastructure - Sanitation	-	4,348	12,918	22,722	24,229	24,229	14,252	-	-
Reticulation							14,252		
Sewerage purification		4,348	12,918	22,722	24,229	24,229			
Infrastructure - Other	-	-	-	-	265	265	-	-	-
Waste Management					265	265			
Transportation									
Gas									
Other									
Community	-	683	-	-	812	812	3,270	3,746	3,955
Parks & gardens									
Sportsfields & stadia		683			812	812	3,270	3,746	3,955
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	-	-	713	-	-	-	-	-	-
General vehicles									
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Abattoirs									
Markets									
Civic Land and Buildings			713						
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other									
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Capital Expenditure on renewal of existing	-	27,348	24,784	41,629	52,605	52,605	21,921	8,766	9,085

Repairs and maintenance expenditure by asset class (Table SA34c)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	10,288	5,792	6,568	7,371	7,352	7,352	9,361	9,875	10,521
Infrastructure - Road transport	4,023	2,214	2,397	3,150	3,090	3,090	3,826	3,958	4,195
Roads, Pavements & Bridges	4,023	2,214	2,397	3,150	3,090	3,090	3,826	3,958	4,195
Storm water									
Infrastructure - Electricity	4,117	1,043	1,593	1,169	969	969	2,500	2,700	2,916
Generation									
Transmission & Reticulation	4,117	1,043	1,593	1,169	969	969	2,500	2,700	2,916
Street Lighting									
Infrastructure - Water	228	1,350	1,210	1,603	1,590	1,590	1,520	1,611	1,708
Dams & Reservoirs									
Water purification									
Reticulation	228	1,350	1,210	1,603	1,590	1,590	1,520	1,611	1,708
Infrastructure - Sanitation	422	1,186	1,280	1,337	1,595	1,595	1,390	1,473	1,562
Reticulation									
Sewerage purification	422	1,186	1,280	1,337	1,595	1,595	1,390	1,473	1,562
Infrastructure - Other	1,498		89	113	108	108	125	133	140
Waste Management									
Transportation									
Gas									
Other	1,498		89	113	108	108	125	133	140
Community	-	1,143	1,096	750	750	750	850	901	955
Parks & gardens		1,143	1,096	750	750	750	850	901	955
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	7,400	7,119	7,889	8,525	9,471	9,471	11,194	11,837	12,519
General vehicles	2,947	2,392	3,051	3,326	4,212	4,212	4,120	4,409	4,717
Specialised vehicles									
Plant & equipment	110								
Computers - hardware/equipment									
Furniture and other office equipment	8	122	78	161	196	196	178	186	194
Abattoirs									
Markets									
Civic Land and Buildings	4,137	4,558	4,704	4,954	4,977	4,977	6,807	7,148	7,505
Other Buildings	197								
Other Land									
Surplus Assets - (Investment or Inventory)									
Other		47	56	85	85	85	89	95	102
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class									
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class									
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming									
Other (list sub-class)									
Total Repairs and Maintenance Expenditure	17,688	14,054	15,553	16,646	17,573	17,573	21,405	22,613	23,995

Capital expenditure details (Table SA36)

Municipal Vote/Capital project		2013/14 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	Program/Project description	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>						
Vote 1 - Executive & Council	Municipal Manager - Inventory	50			TWK	
	Corporate Services - Inventory	342			TWK	
	Caledon - Inventory	556			Caledon	
	Grabouw - Inventory	376			Grabouw	
	G/dal/Greyton - Inventory	228			Greyton/Genadendal	
	Riviersonderend - Inventory	112			Riversonderend	
	Villiersdorp - Inventory	210			Villiersdorp	
	Technical Services Admin - Inventory	259			TWK	
Vote 2 - Finance & Admin	Finance - Inventory	37			TWK	
	IT - Inventory	891			TWK	
Vote 3 - Planning & Development	Development Admin - Inventory	183			TWK	
Vote 4 - Community & Social Services	Cemetery - Caledon	500			Caledon	
	Cemetery - Grabouw	600			Grabouw	
Vote 5 - Housing	Housing	29,502			TWK	
Vote 7 - Sport & Recreation	TWK Sport & Recreation	3,270	3,746	3,955	TWK	Renewal
Vote 10 - Waste Water Management	Grabouw WWTW upgrading phase 2	14,252	5,102		Grabouw	Renewal
	Villiersdorp WWTW	8,982	7,321	4,132	Villiersdorp	
	Bereaville sewerage	300	3,331	6,848	Genadendal	
Vote 11 - Roads Transport	Roads Upgrade	4,399	5,021	5,130	TWK	Renewal
Vote 12 - Water	Grabouw bulk water phase 5	7,746	5,179	5,926	Grabouw	
Vote 13 - Electricity	Inventory	179			TWK	
	V/dorp W5- High mass light	95			Villierdorp	
	V/dorp W6- High mass light	95			Villierdorp	
	Joe Slovo - High mass light	80			Riversonderend	
	G/dal/Greyton - Street lights	100			Greyton/Genadendal	
	Caledon - High mass light	125			Caledon	
	Grabouw - High mass light	125			Grabouw	
Parent Capital expenditure		73,594	29,699	25,992		

16. Legislation Compliance Status

Compliance with the MFMA Implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office:** A Budget and Treasury Office has been established in accordance with the MFMA. In order to comply all vacancies are filled and the office is fully functional.
- **Budgeting:** The annual budget is prepared in accordance with the requirements prescribed by the MFMA and National Treasury.
- **Financial Reporting:** 100% compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial and National Treasury.
- **Annual Report:** The Annual Report is prepared in accordance with the MFMA and National Treasury.
- **Debt Collection:** A Debt Collection unit has been established in accordance with the relative legislation. The staff appointments in the Debt Collection Department have almost completed and the department is fully functional.
- **Internal Audit:** The department is fully functional with a Deputy Director, Internal Auditor and a Clerk Internal Audit in order to comply with the MFMA and obtain value for money.
- **Supply Chain Management:** A Functional Supply Chain Management Unit in accordance with the MFMA.
- **Risk Management:** TheewaterskloofMunicipality has adopted a Risk Management Policy August 2009 and official has undergone training. A risk register is compile which identify the top ten risks and is reviewed and monitor regularly.
- **Asset Management:** The Fixed Asset Register is fully GRAP compliant and the Asset Maintenance Plan is in progress in order to comply with legislation.
- **Internship Programme:** TheewaterskloofMunicipality is participating in the Municipal Finance Management Internship Programme. Five Interns are employed and are undergoing various training in all sections of the Finance Department.

17. Other supporting documents

a. Tariff list

Refer to Annexure A for a list of tariffs to be approved.

b. Supplementary notes to tables

Supporting detail to budgeted financial performance (Table SA1)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
REVENUE ITEMS:									
Property rates									
Total Property Rates	40,514	42,478	45,219	50,674	51,900	51,900	62,157	67,130	72,500
less Revenue Foregone	1,785	1,348	1,993	2,908	2,000	2,000	2,110	2,279	2,461
Net Property Rates	38,729	41,130	43,226	47,766	49,900	49,900	60,047	64,851	70,039
Service charges - electricity revenue									
Total Service charges - electricity revenue	37,931	46,752	55,611	65,591	63,643	63,643	68,034	75,809	81,874
less Revenue Foregone	—	—	972	2,198	2,198	2,198	2,488	2,687	2,902
Net Service charges - electricity revenue	37,931	46,752	54,639	63,393	61,446	61,446	65,547	73,122	78,972
Service charges - water revenue									
Total Service charges - water revenue	31,259	34,163	37,459	46,253	44,110	44,110	47,693	50,544	53,566
less Revenue Foregone	—	—	—	3,115	3,115	3,115	3,302	3,501	3,711
Net Service charges - water revenue	31,259	34,163	35,255	43,139	40,995	40,995	44,390	47,044	49,856
Service charges - sanitation revenue									
Total Service charges - sanitation revenue	12,879	13,419	17,927	21,485	20,125	20,125	21,927	23,242	24,636
less Revenue Foregone	—	—	3,304	4,932	4,932	4,932	4,350	4,612	4,883
Net Service charges - sanitation revenue	12,879	13,419	14,623	16,553	15,193	15,193	17,576	18,629	19,752
Service charges - refuse revenue									
Total refuse removal revenue	13,146	14,165	20,277	23,495	23,245	23,245	24,459	25,927	27,482
Total landfill revenue	—	—	—	—	—	—	—	—	—
less Revenue Foregone	—	—	4,203	6,247	6,247	6,247	6,515	6,905	7,320
Net Service charges - refuse revenue	13,146	14,165	16,074	17,248	16,998	16,998	17,945	19,021	20,163
Other Revenue by source									
List other revenue by source	30,013	13,383	10,537	4,670	7,064	7,064	9,296	9,042	8,747
Total 'Other' Revenue	30,013	13,383	10,537	4,670	7,064	7,064	9,296	9,042	8,747
EXPENDITURE ITEMS:									
Employee related costs									
Basic Salaries and Wages	53,266	62,369	68,112	74,272	73,535	73,535	82,242	89,778	97,599
Pension and UIF Contributions	13,693	10,895	11,862	13,947	13,876	13,876	15,626	17,111	18,650
Medical Aid Contributions	—	2,825	3,195	3,219	3,208	3,208	3,643	3,989	4,348
Overtime	2,907	3,000	3,051	3,227	3,069	3,069	3,354	3,673	4,003
Performance Bonus	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	10,318	4,554	4,621	4,255	4,367	4,367	4,784	5,238	5,710
Cellphone Allowance	—	—	—	—	—	—	—	—	—
Housing Allowances	—	647	669	708	708	708	576	631	687
Other benefits and allowances	—	7,546	9,275	9,284	9,385	9,385	10,583	11,589	12,632
Payments in lieu of leave	1,247	1,778	3,744	900	900	900	—	—	—
Long service awards	—	—	470	1,062	1,001	1,001	675	716	759
Post-retirement benefit obligations	1,008	1,099	4,179	3,300	3,300	3,300	4,600	5,037	5,490
sub-total	82,438	94,714	109,179	114,174	113,350	113,350	126,083	137,761	149,879
Less: Employees costs capitalised to PPE	—	—	—	—	—	—	—	—	—
Total Employee related costs	82,438	94,714	109,179	114,174	113,350	113,350	126,083	137,761	149,879
Contributions recognised - capital									
List contributions by contract	—	—	—	—	—	—	—	—	—
Total Contributions recognised - capital	—	—	—	—	—	—	—	—	—
Depreciation & asset impairment									
Depreciation of Property, Plant & Equipment	20,543	8,771	8,465	13,496	13,495	13,495	19,841	21,428	23,142
Lease amortisation	—	—	—	—	—	—	—	—	—
Capital asset impairment	—	—	41,291	1,400	1,400	1,400	100	106	112
Depreciation resulting from revaluation of PPE	—	—	—	—	—	—	—	—	—
Total Depreciation & asset impairment	20,543	8,771	49,755	14,896	14,895	14,895	19,941	21,534	23,254
Bulk purchases									
Electricity Bulk Purchases	22,207	28,781	34,770	40,485	38,808	38,808	41,864	48,404	52,277
Water Bulk Purchases	3,707	6,009	6,704	7,124	7,124	7,124	7,960	8,438	8,944
Total bulk purchases	25,913	34,790	41,475	47,609	45,932	45,932	49,824	56,842	61,220
Transfers and grants									
Cash transfers and grants	—	—	638	—	—	—	850	900	960
Non-cash transfers and grants	—	—	—	—	—	—	—	—	—
Total transfers and grants	—	—	638	—	—	—	850	900	960
Contracted services									
Contracted Services	8,653	10,377	6,941	10,142	9,518	9,518	10,982	11,531	12,108
Computer Services & licences	—	—	1,887	3,493	3,198	3,198	3,856	4,204	4,567
Dumping fee Karwyderskraal	—	—	839	940	932	932	940	996	1,056
Caledon dumping site	—	—	708	900	900	900	954	954	1,011
Refuse removal Tesselaarsdal & Myddleton	—	—	173	196	196	196	200	212	225
Copier costs	—	—	324	221	341	341	232	243	255
Valuation costs	—	—	287	1,500	1,320	1,320	756	793	833
Grabouw Sustainable Plan	—	—	150	110	110	110	435	435	435
sub-total	8,653	10,377	11,308	17,502	16,515	16,515	18,300	19,369	20,490
Allocations to organs of state:									
Electricity	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—	—
Sanitation	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total contracted services	8,653	10,377	11,308	17,502	16,515	16,515	18,300	19,369	20,490
Other Expenditure By Type									
Collection costs	—	—	—	—	—	—	—	—	—
Contributions to 'other' provisions	—	—	—	—	—	—	—	—	—
Consultant fees	—	—	—	—	—	—	—	—	—
Audit fees	1,811	2,310	2,489	2,300	2,300	2,300	2,300	2,415	2,536
General expenses	73,627	54,149	25,747	26,029	31,388	31,388	27,482	29,074	30,652
Repairs & Maintenance	17,688	14,054	15,553	16,646	17,573	17,573	21,405	22,613	23,995
Streetlights	—	—	189	2,523	2,101	2,101	2,025	2,187	2,362
Housing operating grant	—	—	9,442	15,080	15,080	15,080	19,668	—	—
Services	—	—	4,341	7,121	5,256	5,256	5,452	5,888	6,359
Total 'Other' Expenditure	93,126	70,513	57,762	69,699	73,697	73,697	78,332	82,178	85,904

Supporting detail to Statement of Financial Position (Table SA3)

Description	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	4,987	15,394	15,042	15,000	10,000	10,000	10,000	14,000	18,000
Other current investments > 90 days	–	–	–	–	–	–	–	–	–
Total Call investment deposits	4,987	15,394	15,042	15,000	10,000	10,000	10,000	14,000	18,000
Consumer debtors									
Consumer debtors	107,819	115,964	121,946	130,357	130,357	130,357	131,752	132,245	132,660
Less: Provision for debt impairment	(84,562)	(90,029)	(104,517)	(97,512)	(109,375)	(109,375)	(107,405)	(104,452)	(101,373)
Total Consumer debtors	23,257	25,936	17,429	32,845	20,981	20,981	24,347	27,793	31,287
Debt impairment provision									
Balance at the beginning of the year	71,409	84,562	90,029	93,783	104,517	104,517	109,375	107,405	104,452
Contributions to the provision	18,277	20,407	31,171	13,211	13,341	13,341	13,029	13,047	13,921
Bad debts written off	(5,124)	(14,941)	(16,682)	(9,483)	(8,483)	(8,483)	(15,000)	(16,000)	(17,000)
Balance at end of year	84,562	90,029	104,517	97,512	109,375	109,375	107,405	104,452	101,373
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	450,275	482,520	534,491	655,747	655,747	655,747	729,341	759,040	785,032
Leases recognised as PPE	1,785	507	339	500	500	500	339	339	339
Less: Accumulated depreciation	167,527	79,431	80,368	97,516	97,516	97,516	117,457	138,990	162,245
Total Property, plant and equipment (PPE)	284,533	403,596	454,462	558,731	558,731	558,731	612,224	620,389	623,127
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities	4,711	5,271	6,518	8,954	6,954	6,954	8,000	8,000	8,000
Total Current liabilities - Borrowing	4,711	5,271	6,518	8,954	6,954	6,954	8,000	8,000	8,000
Trade and other payables									
Trade and other creditors	15,474	21,574	24,370	31,038	26,038	26,038	27,340	28,707	30,142
Unspent conditional transfers	7,149	2,414	7,554	2,500	1,500	1,500	–	–	–
VAT	8,732	661	951	2,622	622	622	653	686	720
Total Trade and other payables	31,355	24,650	32,875	36,160	28,160	28,160	27,993	29,393	30,862
Non current liabilities - Borrowing									
Borrowing	78,065	100,129	112,649	118,095	118,095	118,095	117,170	109,170	101,170
Finance leases (including PPP asset element)	40	–	98	40	40	40	86	81	76
Total Non current liabilities - Borrowing	78,105	100,129	112,747	118,135	118,135	118,135	117,256	109,251	101,246
Provisions - non-current									
Retirement benefits	18,974	25,622	28,744	51,053	31,053	31,053	32,606	34,236	35,948
List other major provision items									
Long Service Awards	2,405	2,897	3,521	3,000	3,000	3,000	3,697	3,882	4,076
Rehabilitation of Landfill site	–	22,609	23,898	–	20,000	20,000	25,093	26,599	28,195
Total Provisions - non-current	21,379	51,128	56,163	54,053	54,053	54,053	61,396	64,716	68,218
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	192,954	202,789	486,787	548,126	548,126	548,126	621,632	675,881	697,409
GRAP adjustments		256,477	(144)						
Restated balance	192,954	459,266	486,643	548,126	548,126	548,126	621,632	675,881	697,409
Surplus/(Deficit)	9,118	27,530	(20,711)	59,652	73,507	73,507	56,248	21,528	17,320
Appropriations to Reserves	(195)		(16)				(2,000)		
Transfers from Reserves	912	(9)							
Depreciation offsets									
Other adjustments	(0)	(0)	(0)						
Accumulated Surplus/(Deficit)	202,789	486,787	465,916	607,778	621,632	621,632	675,881	697,409	714,729
Reserves									
Housing Development Fund	–				–	–	–	–	–
Capital replacement	–			8,000	–	–	2,000	2,000	2,000
Self-insurance	–				–	–	–	–	–
Other reserves	31	39	55	40	55	55	59	61	62
Revaluation	–	11,158	11,423	12,000	12,000	12,000	11,500	11,500	11,500
Total Reserves	31	11,198	11,478	20,040	12,055	12,055	13,559	13,561	13,562
TOTAL COMMUNITY WEALTH/EQUITY	202,820	497,985	477,394	627,818	633,687	633,687	689,440	710,970	728,291

Total Municipal Account

The effect of the proposed tariff and rate increases on households is illustrated below:

Only the Property rates amount differ from table SA14 due to the property valuation that was used for comparison purposes. See assumptions that were used below each account.

Monthly Account for Household - 'Large' Income Range'	2013/14 Medium Term Revenue & Expenditure Framework		
	Current Tariff	New Tariff	Percentage Increase
Rates and services charges:			
Property rates	697.85	730.98	5%
Electricity: Basic levy			
Electricity: Consumption			
Water: Basic levy	64.91	68.77	6%
Water: Consumption	186.60	197.49	6%
Sanitation	86.84	96.75	11%
Refuse removal	87.54	92.81	6%
Other			
sub-total	1,123.74	1,186.80	6%
VAT on Services	59.62	63.81	7%
Total large household bill:	1,183.36	1,250.61	6%

Use as basis property value of erf 1417 & 30 kl Water
Property Value: Current R1,246 m / New R1,364 m

Monthly Account for Household - 'Affordable Range'	2013/14 Medium Term Revenue & Expenditure Framework		
	Current Tariff	New Tariff	Percentage Increase
Rates and services charges:			
Property rates	363.80	381.33	5%
Electricity: Basic levy			
Electricity: Consumption			
Water: Basic levy	64.91	68.77	6%
Water: Consumption	143.60	151.91	6%
Sanitation	86.84	96.75	11%
Refuse removal	87.54	92.81	6%
Other			
sub-total	746.69	791.57	6%
VAT on Services	53.60	57.43	7%
Total bill:	800.29	849.01	6%

Use as basis property value of ERF 365 & 25 kl water
Property Value: Current R654 / New R719

Monthly Account for Household - 'Indigent' Household receiving free basic services	2013/14 Medium Term Revenue & Expenditure Framework		
	Current Tariff	New Tariff	Percentage Increase
Rates and services charges:			
Property rates	20.40	11.55	-43%
Electricity: Basic levy			
Electricity: Consumption			
Water: Basic levy			
Water: Consumption	100.60	106.33	6%
Sanitation			
Refuse removal			
Other			
sub-total	121.00	117.88	-3%
VAT on Services	14.08	14.89	6%
Total small household bill:	135.08	132.77	-2%

Use as basis property value of erf 812 and 20kl water
Property Value: Current R86 000 / New R122 000

18. Municipal manager's quality certificate

I, HSD WALLCE, Municipal Manager of Theewaterskloof Municipality (WC031), hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: HSD WALLCE

Municipal Manager of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 28 May 2013

Print Name: D Louw

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

Signature: _____

Date: 28 May 2013